$163,005,000
South Carolina Public Service Authority
Variable Rate Revenue Obligations, 2019 Tax-Exempt Refunding Series A
(CUSIP: 837151WN5)

SUPPLEMENT DATED NOVEMBER 19, 2019 TO
OFFICIAL STATEMENT DATED NOVEMBER 6, 2019

The information provided below supplements the Official Statement referred to above (the "Official Statement"), relating to the South Carolina Public Service Authority Variable Rate Revenue Obligations, 2019 Tax-Exempt Refunding Series A (the "2019A Bonds"). Any capitalized terms used in this Supplement and not defined have the meanings assigned to them in the Official Statement.

The Official Statement is hereby amended as follows:

1. The information contained in the Official Statement under the heading "**POWER SUPPLY, POWER MARKETING AND OTHER FACILITIES** – **Existing Generating Facilities** – *Summer Nuclear Unit 1*" is supplemented by inserting the following paragraph to appear at the end of that subsection:

> After discovering a small leak in the reactor coolant system of Summer Nuclear Unit 1, on November 6, 2019 Dominion shut down the reactor in order to repair the leak. The leak was limited to the reactor's containment building, which provides a barrier between the reactor and the environment and, as such, none of the leaking material has escaped into the environment and currently there is no danger to the public. It is unknown at this time when Summer Nuclear Unit 1 will return to service.

2. The information contained in the Official Statement under the heading "**LITIGATION – Nuclear Litigation** – *Class Actions – (a) Jessica S. Cook et al. v. Santee Cooper, Santee Cooper's Board of Directors (certain former and current Directors named), SCE&G, SCANA Corporation, SCANA Services, Inc., Palmetto Elec. Coop., & Central Electric. Power Coop.*" is supplemented by inserting the following language at the end of the penultimate paragraph of that subsection:

> On November 12, 2019, the assigned judge of the South Carolina Circuit Court heard oral arguments on: (a) the Authority's Motion for Specific Performance and/or Injunctive Relief against Dominion Energy South Carolina and (b) SCE&G's Motion to Compel Arbitration of the Authority's Defenses and Contentions. On November 18, 2019, the Court entered: (a) an order granting the Authority's Motion for Specific Performance and/or Injunctive Relief, thereby enjoining SCE&G from proceeding at this time with claims against the Authority asserted in a November 11, 2019 Demand for Arbitration filed with the American Arbitration Authority ("AAA") and (b) an order denying SCE&G's Motion to Compel Arbitration. See "*Other Actions – (e) Potential Liability for SCE&G/Dominion Litigation*" below.

3. The information contained in the Official Statement under the heading "**LITIGATION – Nuclear Litigation** – *Other Actions – (a) Westinghouse Electric Company, LLC, as reorganized v. South Carolina Public Service Authority*" is supplemented by deleting the last two sentences of the paragraph in their entirety and inserting the following language in replacement thereof:

The scheduling order entered by the Court upon agreement by the parties is expedited, and a pretrial conference is scheduled for February 6, 2020. On August 21, 2019, the Authority answered Westinghouse's complaint and brought counterclaims against Westinghouse for declaratory judgment and to quiet title to the equipment. Westinghouse responded with a counterclaim against the Authority on September 20, 2019 and on October 11, 2019, the Authority filed its answer to the counterclaims and asserted affirmative defenses. The case is currently in the discovery phase.

4. The information contained in the Official Statement under the heading "**LITIGATION – Nuclear Litigation** – *Other Actions – (e) Potential Liability for SCE&G/Dominion Litigation"* is supplemented by deleting the paragraph in its entirety and replacing it with the following paragraphs:

On October 20, 2011, the Authority and SCE&G (now Dominion) entered into a Design and Construction Agreement (the "DCA"), which set forth the terms and conditions of the parties' joint undertaking to construct Summer Nuclear Units 2 and 3, including contributing a proportionate share of the costs of Summer Nuclear Units 2 and 3 based on their respective ownership interests. Such costs included the cost of claims brought by third parties with respect to services provided by SCE&G in its role as agent for Summer Nuclear Units 2 and 3 under the DCA. SCE&G is currently a named defendant in several lawsuits with respect to Summer Nuclear Units 2 and 3, including the Cook, Glibowski and DOR matters described above which also name the Authority as a defendant. Dominion asserts that, under the cost-sharing provisions of the DCA, the Authority may be liable for costs associated with such lawsuits against SCE&G, even if it is not a named defendant therein. To that end, on October 21, 2019, Dominion notified the Authority by letter of its intent to initiate an arbitration proceeding seeking contribution from the Authority for its share of litigation fees, costs, settlements and expenses relative to Summer Nuclear Units 2 and 3.

On November 11, 2019, Dominion filed a Demand for Arbitration before the AAA, seeking in excess of $1 billion for a portion of "costs incurred for third-party claims relating to" the suspended nuclear project, alleged to be approximately $2.24 billion as of the date of the filing. As noted above, however, pursuant to the Court's November 18, 2019 orders in the *Cook* action, Dominion has been enjoined from pursuing these claims at this time and must withdraw its Demand for Arbitration. Assuming Dominion were to assert these claims in a later proceeding, and assuming that Dominion were to prevail, the amount of the Authority's liability for its share of such fees, costs, settlements and expenses related to such litigation is unknown at this time.

5. The information contained in the Official Statement under the heading "**FINANCIAL STATEMENTS**" is supplemented by adding the following paragraphs:

The Authority recently used unrestricted cash on hand to defease a portion of the debt attributable to Summer Nuclear Units 2 and 3. As part of this transaction the Authority researched how, if at all, this transaction impacted the amortization of the Summer Nuclear Units 2 and 3 regulatory asset. This research included a review of GASB Pronouncements and discussions with GASB staff. As a result of this research and discussion, the Authority began evaluating the manner in which the Authority had planned, and have been, amortizing the Summer Nuclear Units 2 and 3 regulatory asset as well as the Toshiba Settlement Proceeds regulatory liability. This evaluation is still ongoing and the Authority is currently working with the Authority's external auditor and GASB to evaluate the appropriate options and accounting treatment.

Some of the options being evaluated could lead to a change in the amortization and/or the estimate of the regulatory assets and liabilities in 2019 and going forward and possibly a restatement of the 2018 financial statements as they relate to the Summer Nuclear Units 2 and 3 regulatory asset, the Toshiba Settlement regulatory liability and reinvested earnings. None of the adjustments being considered would impact prior or projected revenues from customers.

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

OFFICIAL STATEMENT DATED NOVEMBER 6, 2019

NEW ISSUE -- Book Entry **S&P: A+/A-1**
See "Ratings" herein.

In the opinion of Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Authority described herein, interest on the 2019A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that the interest on the 2019A Bonds will be exempt from all State, county, municipal and school district and other taxes or assessments imposed within the State of South Carolina, except estate, transfer and certain franchise taxes. See "TAX MATTERS" herein regarding certain other tax considerations.

$163,005,000
SOUTH CAROLINA PUBLIC SERVICE AUTHORITY
Variable Rate Revenue Obligations,
2019 Tax-Exempt Refunding Series A
(CUSIP: 837151WN5)
Price: 100%

Dated: Date of Delivery **Due: January 1, 2036**

The South Carolina Public Service Authority (the "Authority") is issuing its Variable Rate Revenue Obligations, 2019 Tax-Exempt Refunding Series A (the "2019A Bonds") for the purpose of refinancing a portion of the outstanding debt of the Authority. See "REFUNDING PLAN". The 2019A Bonds will be issued only as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the 2019A Bonds under a book-entry only system as described herein, pursuant to which principal and interest payments on the 2019A Bonds will be made. Individual purchases of beneficial interests may be made in book-entry only form, in the principal amount of $100,000 or any integral multiple of $5,000 in excess thereof for the 2019A Bonds. Beneficial owners of the 2019A Bonds will not receive physical delivery of bond certificates. See APPENDIX C – BOOK-ENTRY ONLY SYSTEM" attached hereto.

The 2019A Bonds are being issued pursuant to the authority of and in full compliance with the resolution adopted by the Authority's Board of Directors (the "Board") on April 26, 1999 (the "Master Resolution"), as amended and supplemented from time to time, including as supplemented by the Forty-Seventh Supplemental Resolution (the "Forty-Seventh Supplemental Resolution") authorizing the 2019A Bonds now being offered. The Master Resolution, as so amended and supplemented, is hereinafter referred to as the "Revenue Obligation Resolution." See APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION" attached hereto.

The 2019A Bonds bear interest at variable rates, as more fully described herein. Initially, the 2019A Bonds will bear interest at the Weekly Rate (as defined herein). While the 2019A Bonds bear interest at the Weekly Rate, interest will be payable on the first Business Day (as defined herein) of each calendar month commencing on December 2, 2019. As more fully described herein, the Interest Mode (as defined herein) applicable to the 2019A Bonds may be changed at the election of the Authority.

This Official Statement describes the 2019A Bonds only while the 2019A Bonds bear interest at a Weekly Rate and are secured by the 2019A Letter of Credit (as defined herein). **Prospective purchasers of the 2019A Bonds bearing interest at rates other than the Weekly Rate should not rely on this Official Statement.**

The 2019A Bonds are subject to redemption prior to maturity and to optional and mandatory tender for purchase as set forth herein.

Payment of the principal and Purchase Price of and interest on the 2019A Bonds will be secured by an irrevocable direct-pay Letter of Credit (the "2019A Letter of Credit") issued by Bank of America, N.A. (the "2019A Bank") pursuant to which The Bank of New York Mellon Trust Company, N.A. in East Syracuse, New York (the "Trustee") will be permitted to draw up to (i) an amount equal to the aggregate principal amount of the 2019A Bonds outstanding for the payment of the unpaid principal amount of, or portion of the Purchase Price corresponding to the principal of, the 2019A Bonds plus (ii) an amount equal to accrued and unpaid interest on the 2019A Bonds for 46 days (computed at an assumed rate of 10% per annum) for the payment of accrued but unpaid interest on the 2019A Bonds, or portion of the Purchase Price representing accrued interest on the 2019A Bonds, all as further described herein.

The 2019A Letter of Credit will terminate on April 14, 2021, unless extended as provided in the 2019A Letter of Credit and Reimbursement Agreement (the "2019A Reimbursement Agreement"), dated as of November 1, 2019, between the Authority and the 2019A Bank, or earlier terminated upon happening of certain events of default described therein, at which time the 2019A Bonds will be subject to mandatory tender. The 2019A Letter of Credit will be and constitute both a "Credit Facility" and a "Liquidity Facility" for the 2019A Bonds within the meaning of the Forty-Seventh Supplemental Resolution.

This cover page contains certain information for quick reference only. It is not, and is not intended to be, a summary of this issue. Investors must read the Official Statement in its entirety prior to purchasing the 2019A Bonds to obtain information essential to making an informed investment decision.

The 2019A Bonds are not indebtedness of the State of South Carolina (the "State"), nor of any political subdivision thereof, and neither the State nor any of its political subdivisions is liable thereon, nor are they payable from any funds other than the Revenues (as defined herein) of the Authority pledged to the payment thereof.

The 2019A Bonds are offered when, as and if issued and accepted by the Underwriters, subject to the approval of legality by Nixon Peabody LLP New York, New York, Bond Counsel. Certain legal matters will be passed upon for the Authority by J. Michael Baxley, Sr., its Senior Vice President and General Counsel. Certain legal matters will be passed upon for the Underwriters by Orrick, Herrington & Sutcliffe, LLP, New York, New York, Counsel to the Underwriters. It is expected that delivery of the 2019A Bonds will be made on or about November 14, 2019.

BofA Securities

Barclays **American Veterans Group**

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

One Riverwood Drive
Moncks Corner, South Carolina 29461
(843) 761-8000

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Attorney General ALAN WILSON

State Treasurer CURTIS M. LOFTIS, JR.

Comptroller General RICHARD ECKSTROM

Secretary of State MARK HAMMOND

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MARK B. BONSALL	PRESIDENT AND CHIEF EXECUTIVE OFFICER
CHARLES B. DUCKWORTH	DEPUTY CHIEF EXECUTIVE OFFICER AND CHIEF OF PLANNING
MARC R. TYE	EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER
PAMELA J. WILLIAMS	SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
J. MICHAEL BAXLEY, SR.	SENIOR VICE PRESIDENT AND GENERAL COUNSEL
KENNETH W. LOTT	VICE PRESIDENT, HUMAN RESOURCE MANAGEMENT AND CORPORATE SECRETARY

TRUSTEE

The Bank of New York Mellon Trust Company, N.A.
East Syracuse, New York

BOND AND DISCLOSURE COUNSEL

Nixon Peabody LLP
New York, New York

FINANCIAL ADVISOR

Public Financial Management, Inc.
Charlotte, North Carolina

No dealer, broker, salesman or other person has been authorized by the Authority or the Underwriters to give any information or to make any representations with respect to the 2019A Bonds other than the information and representations contained in this Official Statement, and, if given or made, such other information or representations may not be relied upon as having been authorized by the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2019A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been provided by the Authority, the 2019A Bank and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the matters described herein since the date hereof.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

All summaries herein of documents are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the 2019A Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

THIS OFFICIAL STATEMENT CONTAINS FORWARD-LOOKING STATEMENTS. IN THIS RESPECT, THE WORDS "MAY," "WILL," "FORECAST," "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH STATEMENTS ARE BASED ON THE CURRENT EXPECTATIONS OF THE PARTY MAKING SUCH STATEMENTS AS WELL AS ASSUMPTIONS MADE BASED ON THE INFORMATION CURRENTLY AVAILABLE TO SUCH PARTY. A NUMBER OF IMPORTANT FACTORS AFFECTING THE AUTHORITY'S BUSINESS AND FINANCIAL RESULTS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE STATED IN THE FORWARD-LOOKING STATEMENTS ARE DISCLOSED IN THIS OFFICIAL STATEMENT. ACTUAL EVENTS OR RESULTS MAY BE MATERIALLY DIFFERENT FROM THOSE EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT, OR MAY NOT OCCUR. THE AUTHORITY HAS NO OBLIGATION TO PUBLICLY UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENT, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

The Authority may place a copy of this Official Statement on the Authority's website at https://www.santeecooper.com. No statement on the Authority's website or any other website is included by specific cross-reference herein. Although the Authority has prepared the information on its website for the convenience of those seeking that information, no decision in reliance upon that information should be made. Typographical or other errors may have occurred in converting the original source documents to their digital format, and the Authority assumes no liability or responsibility for errors or omissions contained on any website. Further, the Authority disclaims any duty or obligation to update or maintain the availability of the information contained on any website or any responsibility or livability for any damages caused by viruses contained within the electronic files on any website. The Authority also assumes no liability or responsibility for any errors or omissions or for any updates to dated information contained on any website. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such website and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC").

THE 2019A BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH LAWS. THE 2019A BONDS WILL NOT HAVE BEEN RECOMMENDED BY THE SEC OR ANY OTHER FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY, AND NO SUCH COMMISSIONS AND REGULATORY AUTHORITIES WILL HAVE REVIEWED OR PASSED UPON

THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. THE REGISTRATION OR QUALIFICATION OF THE 2019A BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE 2019A BONDS MAY HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION THEREFROM IN OTHER JURISDICTIONS CANNOT BE REGARDED AS A RECOMMENDATION THEREOF BY ANY SUCH JURISDICTION. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the Authority from time to time (collectively, the "Official Statement"), may be treated as an Official Statement with respect to the 2019A Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the Authority.

The CUSIP number set forth herein has been assigned by an organization not affiliated with the Authority and is included solely for the convenience of the holders of the 2019A Bonds. The Authority is not responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness on the 2019A Bonds or as indicated above. The CUSIP number is subject to being changed after the issuance of the 2019A Bonds as a result of various subsequent actions including, but not limited to, as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to the 2019A Bonds.

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Official Statement
relating to

$163,005,000
South Carolina Public Service Authority
Variable Rate Revenue Obligations, 2019 Tax-Exempt Refunding Series A

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page and the Appendices attached hereto, is to set forth information concerning the Variable Rate Revenue Obligations, 2019 Tax-Exempt Refunding Series A (the "2019A Bonds") of the South Carolina Public Service Authority (the "Authority") offered hereby.

This Introduction contains certain information for quick reference only. Prospective investors must read the Official Statement in its entirety prior to purchasing the 2019A Bonds to obtain information essential to making an informed investment decision.

The 2019A Bonds are being issued pursuant to the authority of and in full compliance with the resolution adopted by the Authority's Board of Directors (the "Board") on April 26, 1999 (the "Master Resolution"), as amended and supplemented from time to time, including as supplemented by the Forty-Seventh Supplemental Resolution (the "Forty-Seventh Supplemental Resolution") authorizing the 2019A Bonds now being offered. The Master Resolution, as so amended and supplemented, is hereinafter referred to as the "Revenue Obligation Resolution." The 2019A Bonds constitute "Obligations" issued under the Revenue Obligation Resolution. The 2019A Bonds and all Obligations heretofore and hereafter issued pursuant to the Revenue Obligation Resolution (collectively, the "Revenue Obligations") are payable on a parity with each other. See "SECURITY FOR THE 2019A BONDS".

The summary of the Revenue Obligation Resolution herein contained is made subject to all of the provisions of such document, and such summary does not purport to be a complete statement of such provisions. Reference is hereby made to such document for further information in connection therewith. Copies of the Revenue Obligation Resolution may be examined at the main office of the Authority in Moncks Corner, South Carolina. The REPORT OF THE AUTHORITY'S FINANCIAL STATEMENTS is attached as APPENDIX A to this Official Statement.

Capitalized terms used herein and not defined have the meanings given to such terms in APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION."

The 2019A Bonds bear interest at variable rates, as more fully described herein. Initially, the 2019A Bonds will bear interest at the Weekly Rate (as defined herein). While the 2019A Bonds bear interest at the Weekly Rate, interest will be payable on the first Business Day (as defined herein) of each calendar month commencing December 2, 2019. The Purchase Price for the 2019A Bonds tendered or deemed tendered for purchase (see "DESCRIPTION OF THE 2019A BONDS – Optional Tender for Purchase", "– Mandatory Tender for Purchase" and "– Remarketing and Purchase Price" herein) is payable solely from the sources described herein, and is not payable from any funds of the Authority.

Payment of the principal and Purchase Price of and interest on the 2019A Bonds (other than Ineligible Bonds) will be secured by an irrevocable, direct-pay Letter of Credit (the "2019A Letter of Credit") issued by Bank of America, N.A. (the "2019A Bank") pursuant to which The Bank of New York Mellon Trust Company, N.A. in East Syracuse, New York (the "Trustee") will be permitted to draw up to (a) an amount equal to the aggregate principal amount of the 2019A Bonds outstanding for the payment of the unpaid principal amount of, or portion of the Purchase Price corresponding to the principal of, the 2019A Bonds, plus (b) an amount equal to accrued and unpaid interest on the 2019A Bonds for 46 days (computed at an assumed rate of 10% per annum) for the payment of accrued but unpaid interest on the 2019A Bonds, or portion of the Purchase Price representing accrued interest on the 2019A Bonds, all as further described herein. The 2019A Letter of Credit will terminate on April 14, 2021 (the "Stated Expiration Date"), unless extended as provided in the Letter of Credit and Reimbursement Agreement (the "2019A Reimbursement Agreement"), dated as of November 1, 2019, between the Authority and the 2019A Bank, or earlier terminated upon happening of certain events of default

described therein, at which time the 2019A Bonds will be subject to mandatory tender. The 2019A Letter of Credit is both a "Credit Facility" and a "Liquidity Facility" for the 2019A Bonds within the meaning of the Forty-Seventh Supplemental Resolution.

For so long as the 2019A Letter of Credit is in full force and effect, and the 2019A Bank has not wrongfully failed to honor a properly presented draw made under the terms of the 2019A Letter of Credit, then, in all such events, the 2019A Bank, and not the actual Owners of the 2019A Bonds, will be deemed to be the Owner of 2019A Bonds at all times for the purpose of (a) giving any approval or consent to any supplemental resolution or any amendment, change or modification of the Revenue Obligation Resolution which requires the written approval or consent of Owners; provided, however, that: (i) any change in the terms of redemption or maturity of the principal of any Outstanding 2019A Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or any change that reduces the percentages or otherwise affects the 2019A Bonds will require the consent of the Owners of the 2019A Bonds; and (ii) any changes or modifications to the rights or obligations of any Fiduciary will require the consent of such Fiduciary and (b) giving any approval or consent, exercising any remedies or taking any other action upon the occurrence of an Event of Default under the Revenue Obligation Resolution.

This Official Statement describes the 2019A Bonds only while the 2019A Bonds bear interest at a Weekly Rate and are secured by the 2019A Letter of Credit. **Prospective purchasers of the 2019A Bonds bearing interest at rates other than the Weekly Rate should not rely on this Official Statement.**

With respect to the 2019A Bonds, the Forty-Seventh Supplemental Resolution contains provisions for obtaining a Substitute Liquidity Facility (as defined in APPENDIX B hereto) in substitution for the Liquidity Facility then in effect. See "DESCRIPTION OF THE 2019A BONDS – Extension or Substitution of Liquidity Facility or Credit Facility" herein.

Capitalized terms used herein and not defined have the meanings given to such terms in APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION."

Remarketing Agent

BofA Securities, Inc. ("BofA Securities"), will serve as the initial remarketing agent (the "Remarketing Agent") for the 2019A Bonds pursuant to a remarketing agreement, dated the date of delivery of the 2019A Bonds, between BofA Securities and the Authority, as amended from time to time (the "Remarketing Agreement").

Tender Agent

The Bank of New York Melon Trust Company, N.A. is the tender agent for the 2019A Bonds (in such capacity, the "Tender Agent") and, in that respect, the Tender Agent has entered into a tender agency agreement with the Authority dated the date of delivery of the 2019A Bonds (as amended from time to time, the "Tender Agency Agreement").

The Authority

The Authority is a body corporate and politic created by Act No. 887 of the Acts of the State of South Carolina (the "State") for 1934 and acts supplemental thereto and amendatory thereof (Code of Laws of South Carolina 1976, as amended -- Sections 58-31-10 through 58-31-450) (the "Act"), which, among other things, authorizes the Authority to produce, distribute and sell electric power and to acquire, treat, transmit, distribute and sell water at wholesale within the counties of Berkeley, Calhoun, Charleston, Clarendon, Colleton, Dorchester, Orangeburg and Sumter, South Carolina. The Authority owns and operates the Lake Moultrie Regional Water System and the Lake Marion Regional Water System. Under current State law and by contract, each of the regional water systems is required to be self-supporting. The Authority began electric power operations in 1942. The Lake Moultrie Regional Water System began commercial operation in October 1994 and the Lake Marion Regional Water System began commercial operation in May 2008.

On May 21, 2019, the State's General Assembly passed, and on May 22, 2019, the Governor signed into law a Joint Resolution requiring the State's Department of Administration (the "DOA") to establish a process: (i) to conduct a competitive bidding solicitation for the sale of some or all of the Authority; (ii) to receive management proposals that do not involve a sale of the Authority, but are designed to improve the efficiency and cost-effectiveness of the Authority's electric operations; and (iii) for the Authority to submit a proposal to the DOA for reform, restructuring, and changes in

its operation as an alternative to a sale or management proposal. See "THE AUTHORITY – Joint Resolution of the General Assembly" herein.

Purpose of the 2019A Bonds

The 2019A Bonds are being issued to refinance a portion of the outstanding debt of the Authority. See "REFUNDING PLAN."

Outstanding Parity and Subordinated Indebtedness

As of September 30, 2019, the Authority had approximately $6,998,570,000 in aggregate principal amount of Revenue Obligations outstanding under the Revenue Obligation Resolution. For a list of the outstanding Revenue Obligations as of December 31, 2018, see APPENDIX A – "REPORT OF THE AUTHORITY'S FINANCIAL STATEMENTS" under the heading "Note 5 - Long-Term Debt". On October 16, 2019, the Authority redeemed $243,720,000 aggregate principal amount of Revenue Obligations and defeased an additional $116,335,900 aggregate principal amount of Revenue Obligations.

As of September 30, 2019, the Authority had $164,253,000 in aggregate principal amount of Commercial Paper Notes (as defined herein) outstanding, which Commercial Paper Notes are secured by a lien upon and pledge of Revenues junior to the lien and pledge securing Revenue Obligations. In addition, the Authority maintains a reimbursement agreement for the purpose of obtaining funds, if needed, to repay certain series of Commercial Paper Notes and three revolving credit agreements, the loans under which are secured by a lien and pledge of Revenues that is on parity with the Commercial Paper Notes and junior to the lien and pledge securing the Revenue Obligations. As of September 30, 2019, there were no loans outstanding under the reimbursement agreement and $61,883,000 of loans drawn and outstanding under the revolving credit agreements. See "OUTSTANDING INDEBTEDNESS AND FUTURE FINANCING AND DEBT REDUCTION PLAN" herein for a more detailed description of the Authority's outstanding debt, including the reimbursement agreement and the revolving credit agreements.

Additional Indebtedness

Additional series of Revenue Obligations may be issued without limitation and without compliance with any additional bonds test, provided there is no default under the Revenue Obligation Resolution. The Revenue Obligation Resolution does not prohibit the issuance of obligations secured by a pledge of the Revenues junior and subordinate to the pledge securing the Revenue Obligations. In addition, the Authority may issue obligations secured by a pledge of revenues derived from separate utility systems not included in the System. See "SECURITY FOR THE 2019A BONDS" and APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION – Separate Systems."

DESCRIPTION OF THE 2019A BONDS

General

The 2019A Bonds will be dated the date of delivery thereof. The 2019A Bonds will mature on January 1, 2036, unless redeemed earlier. Upon initial issuance, the 2019A Bonds will be subject to the Weekly Mode and will bear interest at a Weekly Rate.

As described under the caption "Change in Interest Modes" below, at the option of the Authority, and upon the satisfaction of certain conditions, the 2019A Bonds may be changed from time to time to another Interest Mode. As more fully described under the caption "Interest Rates and Interest Modes; Determination of Interest Rates" below, while the 2019A Bonds are in the Weekly Mode, such Bonds will bear interest at Weekly Rates. The Forty-Seventh Supplemental Resolution also provides that the 2019A Bonds may be changed to the Daily Mode, the Flexible Mode, the Term Mode and the Fixed Mode. The provisions of such modes are not described in this Official Statement. Instead, it is anticipated that, should the 2019A Bonds be changed to any of such modes, a remarketing memorandum or remarketing circular will be distributed describing the 2019A Bonds during such modes.

The 2019A Bonds are issuable only in fully registered form in the Authorized Denominations. "Authorized Denominations" means $100,000 or any integral multiple of $5,000 in excess thereof. The 2019A Bonds are being issued in book-entry only form and are registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). See APPENDIX C - "BOOK-ENTRY ONLY SYSTEM" attached hereto. The information in APPENDIX C has been furnished by DTC and no representation is made by the Authority or the Underwriters (as hereinafter defined) as to the accuracy or completeness of such information.

As more fully described under the captions "Optional Tender for Purchase" and "Mandatory Tender for Purchase" below, the 2019A Bonds (or, for so long as the 2019A Bonds are subject to the book-entry only system of registration and transfer described in APPENDIX C - "BOOK-ENTRY ONLY SYSTEM" attached hereto, beneficial ownership interests therein) are subject to optional tender for purchase and, under certain circumstances, mandatory tender for purchase. The Purchase Price for the 2019A Bonds (or portions thereof or beneficial ownership interests therein) tendered or deemed tendered for purchase is payable solely from the sources described under the caption "Remarketing and Purchase Price" below, and is not payable from any funds of the Authority.

Except as described below, the principal or Redemption Price of the 2019A Bonds is payable at the principal office of the Trustee. Except as described below, interest on the 2019A Bonds is payable by check payable to the order of the persons entitled thereto and mailed by first class mail, postage prepaid, to the addresses of such persons as they appear on the books of the Authority kept at the office of the Registrar or by wire transfer in immediately available funds to any owner of 2019A Bonds in the denomination of $1,000,000 or any Authorized Denomination in excess of such amount at such wire transfer address as such owner has specified if such owner provides written notice to the Trustee Agent not less than five (5) days prior to the Record Date relating to such Interest Payment Date in which request for wire transfer payment is made and the wire transfer address is specified. So long as the 2019A Bonds are subject to the book-entry only system of registration and transfer described in APPENDIX C - "BOOK-ENTRY ONLY SYSTEM" attached hereto, all payments with respect to the principal or Redemption Price of, and interest on, the 2019A Bonds will be paid through the facilities of DTC, and a Beneficial Owner of the 2019A Bonds must maintain an account with a broker or dealer who is, or acts through a Direct Participant (as defined in APPENDIX C) in order to receive payment of the principal or redemption price of, and interest on such 2019A Bond.

Subject to the terms of the Remarketing Agreement, the Remarketing Agent will determine the interest rates on the 2019A Bonds and will market 2019A Bonds tendered or required to be tendered for purchase on a best efforts basis. The Remarketing Agent may resign upon 60 days' notice or be removed at any time by the Authority upon thirty (30) days' notice. Pursuant to the terms of the Remarketing Agreement, the Remarketing Agent may immediately suspend or terminate its remarketing efforts upon the occurrence of certain events described in the Remarketing Agreement

The Trustee has been appointed as the Tender Agent for the 2019A Bonds by the Authority. The Tender Agent may be removed or replaced by the Authority upon 30 days' notice.

Interest on the 2019A Bonds

Interest on the 2019A Bonds accruing during each Interest Accrual Period is payable on each Interest Payment Date immediately following the end of such Interest Accrual Period. Holders of the 2019A Bonds other than the 2019A Bank will be paid interest for the applicable Interest Accrual Period only in the amount that would have accrued thereon at the 2019A Bond Rate or Rates in effect during such Interest Accrual Period, regardless of whether or not such 2019A Bond was a 2019A Bank Bond during any portion of such Interest Accrual Period.

The Interest Payment Dates with respect to each 2019A Bond are as follows: (a) each date on which the 2019A Bonds are subject to mandatory tender for purchase (see "Mandatory Tender for Purchase" below); (b) December 2, 2019 and on the first Business Day of each calendar month thereafter; and (c) the maturity or redemption date thereof.

An "Interest Accrual Period" is the period from and including each Interest Payment Date to but excluding the next Interest Payment Date. The initial Interest Accrual Period for the 2019A Bonds will begin on (and include) the Delivery Date. The final Interest Accrual Period for any 2019A Bond will end on the day next preceding the maturity, tender or redemption date of such 2019A Bond.

Interest is payable to the Person in whose name the 2019A Bond is registered at the Record Date. The "Record Date" is the close of business on the Business Day immediately preceding an Interest Payment Date.

The maximum rate of interest (the "Maximum Rate") permitted to be borne by: (1) 2019A Bonds (other than 2019A Bank Bonds) is the lesser of (a) the maximum rate permitted by law and (b) 10% per annum, or such higher rate as approved by the Authority if (i) an Opinion of Bond Counsel is delivered to the Notice Parties to the effect that any such change in the Maximum Rate (x) is authorized or permitted by the Resolution and the Act and (y) will not cause the interest on the 2019A Bonds to become includable in gross income for federal income tax purposes and (ii) the Credit Facility and/or Liquidity Facility is modified (if necessary) so that its stated amount or the aggregate commitment of the Liquidity Provider(s) and/or Credit Facility Provider thereunder, as the case may be, is increased to give effect to the increased Maximum Rate; and (2) 2019A Bank Bonds is the lesser of (a) the maximum rate permitted by law and (b) the interest rate accruing on 2019A Bank Bonds as set forth in the Liquidity Facility Agreement.

Interest on the 2019A Bonds will be computed on the basis of a 365- or 366-day year, as applicable, for actual days elapsed.

Interest Rates and Interest Modes; Determination of Interest Rates

The 2019A Bonds initially will be in the Weekly Mode and will bear interest at Weekly Rates until such time (if any) as the 2019A Bonds are changed to a different Interest Mode. The interest rate to be in effect with respect to a particular 2019A Bond (or beneficial ownership interest therein) for a particular period of time as described below (an "Interest Period") will be determined by the Remarketing Agent as the minimum interest rate necessary in its judgment to be borne by such 2019A Bond (or beneficial ownership interest therein) for the relevant Interest Period to enable the Remarketing Agent to remarket such 2019A Bond (or beneficial ownership interest therein) on the Rate Adjustment Date (as defined below) therefor at a price (without regard to accrued interest) equal to 100% of the principal amount thereof (each such rate being referred to as a "Market Rate"), provided, however, that in no event may any rate so determined exceed the Maximum Rate. The time and date as of which an interest rate is determined for any 2019A Bond is referred to as a "Rate Determination Date." The day on which each Weekly Rate becomes effective is referred to as the "Rate Adjustment Date."

If there is no Remarketing Agent to establish a Weekly Rate for any week, then the Weekly Rate with respect to 2019A Bonds in the Weekly Mode for such week will be the Maximum Rate. If a Remarketing Agent fails to establish a Weekly Rate for any week then the Weekly Rate with respect to such 2019A Bonds in the Weekly Mode for such week will be the same as the immediately preceding Weekly Rate if such Weekly Rate was determined by the Remarketing Agent. If the immediately preceding Weekly Rate was not determined by the Remarketing Agent (for any reason other than there not having been a Remarketing Agent), or if the Weekly Rate determined by the Remarketing Agent is held to be invalid or unenforceable by a court of law, then the Weekly Rate for such week, as determined by the Remarketing Agent, will be equal to 110% of the SIFMA Index, or if such index is no longer available, 85% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in The Wall Street Journal on the day such Weekly Rate would otherwise be determined for such Interest Period.

While in the Weekly Mode, the 2019A Bonds will bear interest at Weekly Rates determined by the Remarketing Agent as the Market Rate for each Interest Period during such Weekly Mode. Each Interest Period during the Weekly Mode will commence on a Wednesday and extend through Tuesday of the following week. The Weekly Rate for each such Interest Period will be determined by the Remarketing Agent not later than 5:00 p.m., New York City time, on Tuesday of each week, or if such day is not a Business Day for the Remarketing Agent, on the next preceding Business Day (or such other day as may be specified by the Remarketing Agent after notice to the Tender Agent and the Holders of the 2019A Bonds).

Each determination of a Weekly Rate will be conclusive and binding on the Authority, the Trustee, the Tender Agent, the Remarketing Agent, the 2019A Bank and the holders of the 2019A Bonds. The interest rates in effect for the 2019A Bonds from time to time will be available to each Holder of the 2019A Bonds who requests such information, by telephone or in writing (including by facsimile or other electronic means), from the Remarketing Agent.

Change in Interest Modes

The Authority may cause the 2019A Bonds to be changed to a different Interest Mode by delivery of an officer's certificate to the other Notice Parties not less than fifteen (15) days prior to the first day of such new Interest Mode (unless a shorter period of time is acceptable to the Tender Agent). Such change may be made on any Interest Payment Date. The 2019A Bonds will be subject to mandatory tender for purchase on the date on which the proposed change is to occur (see "Mandatory Tender for Purchase" below). Any date on which a change to a different Interest Mode is proposed to occur is referred to as a "Mode Adjustment Date."

Upon: (a) receipt by the other Notice Parties of such officer's certificate, (b) receipt by the Tender Agent of the items required by the Forty-Seventh Supplemental Resolution for delivery of a Substitute Liquidity Facility, if applicable, and (c) the Tender Agent giving the notice described below to the Holders of the 2019A Bonds, the Interest Mode for the 2019A Bonds will, subject to satisfaction of the requirements described below, automatically be converted on the Mode Adjustment Date specified in such officer's certificate to the specified Interest Mode, unless the Tender Agent receives, prior to the mailing of its notice to the Holders of the 2019A Bonds, an officer's certificate electing not to effect such conversion. The Tender Agent will promptly notify the other Notice Parties in writing of the conversion of the 2019A Bonds to a new Interest Mode or Interest Period.

Any change in an Interest Mode is subject to (a) receipt by the Tender Agent, the Remarketing Agent and the 2019A Bank on the first day of such Interest Mode, of an Opinion of Bond Counsel to the effect that the change in Interest Mode will not adversely affect the exclusion of interest on any 2019A Bond from gross income for federal income tax purposes and is authorized by applicable law; (b) if the Liquidity Facility is to remain in effect following the change in Interest Mode, a written consent of the 2019A Bank to such change in Interest Mode; and (c) the Liquidity Facility and Credit Facility, as applicable, will be in amount at least equal to the Facility Requirement applicable to the Interest Mode to become effective. If any of the above conditions is not met, then the 2019A Bonds will remain in the Interest Mode which they are then in. All 2019A Bonds will be in the same Interest Mode and have the same Interest Period. In any event, the 2019A Bonds will be subject to mandatory tender upon a change in an Interest Mode as and to the extent provided under "Mandatory Tender for Purchase" below.

When a change in Interest Mode is to be made, the Tender Agent is required to give notice of the proposed change to the Holders of the 2019A Bonds, not less than 15 nor more than 60 days prior to the proposed Mode Adjustment Date. Such notice will state, among other things, that the 2019A Bonds will be subject to mandatory tender for purchase on the proposed Mode Adjustment Date.

Optional Tender for Purchase

2019A Bonds in the Weekly Mode may be tendered for purchase at the option of the Holder thereof (or, if the 2019A Bonds are subject to the book-entry only system of registration and transfer described in APPENDIX C- "BOOK-ENTRY ONLY SYSTEM", at the option of the Beneficial Owner (as defined in APPENDIX C- "BOOK-ENTRY ONLY SYSTEM") thereof), on any Business Day, upon irrevocable notice of tender given to the Tender Agent as described below in writing (including by facsimile or other electronic means) no later than 5:00 p.m., New York City time, on a Business Day at least seven calendar days prior to the Purchase Date, from and to the extent of the funds described under the caption "Remarketing and Purchase Price" below, at the Purchase Price therefor.

Each notice of exercise of the election to have a 2019A Bond (or portion thereof or beneficial ownership interest therein) purchased will be irrevocable and effective upon receipt, and must specify the principal amount of the 2019A Bond (or portion thereof or beneficial ownership interest therein) to be purchased, the Purchase Date and the name of the Holder of the 2019A Bond (or, if the 2019A Bonds are subject to the book-entry only system of registration and transfer described in APPENDIX C - "BOOK-ENTRY ONLY SYSTEM" herein, the name and number of the account to which such beneficial ownership interest is credited by DTC) and must be given by the Holder thereof or such Holder's attorney-in-fact duly authorized in writing (or, if the 2019A Bonds are subject to such book-entry only system of registration and transfer, by the Beneficial Owner thereof or such Beneficial Owner's attorney-in-fact duly authorized in writing).

The delivery of such optional tender notice will automatically constitute (a) an irrevocable offer to sell the 2019A Bonds or beneficial interest (or portion thereof) to which the notice relates on the purchase date at the Purchase Price, (b) an irrevocable authorization and instruction to the Tender Agent to effect transfer of such 2019A Bonds (or portion

thereof) upon payment of the Purchase Price to the Paying Agent on the Purchase Date, (c) an agreement of such owner (or beneficial owner through its participation in the Securities Depository) to make arrangements to deliver and transfer such 2019A Bonds or beneficial interest being tendered, with all necessary endorsements for transfer and signature guarantees, by delivery to the Paying Agent at its designated payment office in accordance with the terms of the Forty-Seventh Supplemental Resolution, on the Purchase Date, or by causing its Direct Participant to transfer its interest in the 2019A Bonds equal to such Beneficial Owner's interest on the records of the Securities Depository to the participant account of the Paying Agent or its agent with the Securities Depository, and (d) an acknowledgment that such owner will have no further rights with respect to such 2019A Bonds (or portion thereof) upon payment of the Purchase Price thereof to the Paying Agent on the Purchase Date, except for the right of such owner to receive such Purchase Price upon delivery of such 2019A Bonds to the Paying Agent, and that after the Purchase Date such owner will hold any undelivered bond certificate as agent for the Paying Agent.

Holders (or, if the 2019A Bonds are subject to the book-entry only system of registration and transfer described in APPENDIX C - "BOOK-ENTRY ONLY SYSTEM", Beneficial Owners) of 2019A Bonds (or portions thereof or beneficial ownership interests therein) that have elected to require purchase as described above will be deemed, by such election, to have agreed irrevocably to sell the 2019A Bonds (or portions thereof or beneficial ownership interests therein) to any purchaser determined in accordance with the provisions of the Forty-Seventh Supplemental Resolution on the Purchase Date at the Purchase Price therefor, and will be required to deliver (or cause to be delivered) such tendered 2019A Bonds (or portions thereof) to the office of the Tender Agent by 10:00 a.m., New York City time, on the Purchase Date, in each such case, endorsed in blank (or accompanied by a bond power executed in blank). See "Remarketing and Purchase Price" below.

Mandatory Tender for Purchase

The 2019A Bonds must be tendered for purchase, from and to the extent of the funds described under the caption "Remarketing and Purchase Price" below, at the Purchase Price therefor, on the following Purchase Dates:

Expiration of Liquidity Facility or Credit Facility: on the fifth (5th) Business Day prior to the date which the Liquidity Facility or Credit Facility, as applicable, is stated to expire.

Substitution of Liquidity Facility or Credit Facility: on the Substitution Date.

Interest Mode or Interest Period Changes: on any Mode Adjustment Date designated by an authorized officer of the Authority pursuant to the provisions of the Forty-Seventh Supplemental Resolution whether or not such change to a new Interest Mode or Interest Period, as applicable, is effected.

Amendment to the Forty-Seventh Supplemental Resolution or the Revenue Obligation Resolution: on any Business Day at least 15 days following delivery to the Notice Parties of a certificate of an authorized officer of the Authority to the effect that the Authority is causing the 2019A Bonds to become subject to mandatory tender in order to enable any Supplemental Resolution amending the Forty-Seventh Supplemental Resolution or the Revenue Obligation Resolution to take effect; provided, however, that such certificate is accompanied by (a) an Opinion of Bond Counsel to the effect that such amendments are authorized or permitted by the Resolution and will not cause the interest on the 2019A Bonds to become includable in gross income for federal income tax purposes and (b) the written consent of the 2019A Bank to the 2019A Bonds being so subject to mandatory tender on such date.

Default under Liquidity Facility: on the 6th day (or if such day is not a Business Day, on the next preceding Business Day) after receipt by the Tender Agent of notice from the 2019A Bank to the effect that an "event of default" (or similar event) on the part of the Authority has occurred and is continuing under the Liquidity Facility that entitles the Liquidity Provider(s) party thereto to terminate the Liquidity Facility (or the commitment thereunder of the Liquidity Provider(s) to purchase 2019A Bonds) following the honoring by the Liquidity Provider(s) of a final demand for payment thereunder to purchase all of the 2019A Bonds upon the resultant mandatory tender for purchase thereof and directing the mandatory tender thereof.

Default under Credit Facility: on the 6th day (or if such day shall not be a Business Day, on the next preceding Business Day) after receipt by the Tender Agent therefor of notice from the 2019A Bank therefor to the effect that an "event of default" (or similar provision) on the part of the Authority has occurred and is continuing under the Credit

Facility therefor, and directing such Tender Agent to make a draw or request for funding, as the case may be, under such Credit Facility to effect a mandatory tender of all of the 2019A Bonds.

Upon Purchase in Lieu of Prepayment: upon the written consent of the Liquidity Provider if in accordance with the Forty-Seventh Supplemental Resolution, the Authority gives written direction to the Tender Agent not less than ten days prior to a prepayment date under the Forty-Seventh Supplemental Resolution (other than scheduled Sinking Fund Installments), to purchase the 2019A Bonds rather than redeem them on such date and such purchase will be made on the date the 2019A Bonds are otherwise scheduled to be redeemed and upon such purchase such 2019A Bonds will not be required to be cancelled by the Trustee.

Except in the case of a mandatory tender described under "Default under Liquidity Facility" above, the Tender Agent will give notice of mandatory tender for purchase to each Holder of the 2019A Bonds by mail, first-class postage prepaid, not less than 15 nor more than 60 days prior to the Purchase Date. In the case of a mandatory tender described under "Default under Liquidity Facility" above, the Tender Agent will give notice of mandatory tender for purchase to each Holder of the 2019A Bonds by mail, first-class postage prepaid, as promptly as practicable following receipt by it of the notice from the 2019A Bank referred to under "Default under Liquidity Facility" above. While the 2019A Bonds are subject to the book-entry only system of registration and transfer described in APPENDIX C- "BOOK-ENTRY ONLY SYSTEM" attached hereto, such notice will be given only to DTC.

Such notice must state: (a) the date of such Purchase Date, (b) that each 2019A Bond (or portion thereof) not tendered for purchase by 10:00 a.m., New York City time, on such Purchase Date will be deemed to have been tendered for purchase on such Purchase Date at the Purchase Price therefor, and that, if due provision is made for the payment of such Purchase Price on such Purchase Date, such Owner will not be entitled to any payment (including any interest accrued subsequent thereto) in respect of such 2019A Bond (or portion thereof) other than the Purchase Price for such 2019A Bond (or portion thereof) and, unless such Purchase Price includes accrued interest thereon to such Purchase Date, such accrued interest, (c) the time and place for the tender of such 2019A Bond (or portion thereof) and the then current name and address of the Tender Agent, and (d) in the event of a mandatory tender upon a change in Interest Mode, the applicable Interest Mode effective on the Mode Adjustment Date.

Holders (or, if applicable, Beneficial Owners) of 2019A Bonds (or beneficial ownership interests therein) will be deemed to have agreed irrevocably to sell 2019A Bonds (or portions thereof or beneficial ownership interests therein) subject to mandatory tender for purchase to any purchaser determined in accordance with the provisions of the Forty-Seventh Supplemental Resolution on the date fixed for purchase at the Purchase Price therefor, and will be required to deliver (or cause to be delivered) such tendered 2019A Bonds (or portions thereof) to the office of the Tender Agent by 10:00 a.m., New York City time, on the Purchase Date, endorsed in blank (or accompanied by a bond power executed in blank). See "Remarketing and Purchase Price" below.

Remarketing and Purchase Price

In the event that notice is received of any optional tender of 2019A Bonds (or portions thereof or beneficial ownership interests therein) or if the 2019A Bonds become subject to mandatory tender for purchase, the Remarketing Agent will offer for sale for the account of the respective owners thereof and will use its best efforts to sell an aggregate principal amount of 2019A Bonds equal to the aggregate principal amount of 2019A Bonds which are required to be tendered for purchase at a price equal to the Purchase Price therefor, on the Purchase Date of such 2019A Bonds or as soon thereafter as possible, without selling any such 2019A Bonds at a discount or a premium; provided, however, the Remarketing Agent will not remarket 2019A Bonds (a) to the Authority, or (b)(i) upon a mandatory tender as described above under "Mandatory Tender for Purchase – Expiration of Liquidity Facility or Credit Facility" or "– Default under Liquidity Facility," or (ii) unless consented to by the 2019A Bank, upon a mandatory tender as described above under "Mandatory Tender for Purchase – Default under Credit Facility."

The Purchase Price of 2019A Bonds (or portions thereof or beneficial ownership interests therein) tendered for purchase is payable, first, from proceeds of the remarketing of 2019A Bonds (or portions thereof or beneficial ownership interests therein) deposited to the 2019A Bond Remarketing Proceeds Account in the 2019A Bond Purchase Fund and, if such remarketing proceeds are insufficient, from amounts drawn under or derived from the Credit Facility. The obligation of the 2019A Bank to purchase 2019A Bonds under the 2019A Letter of Credit is subject to certain conditions, and such

obligation may be terminated without prior notice or payment thereunder under certain circumstances. See "THE 2019A LETTER OF CREDIT AND THE 2019A REIMBURSEMENT AGREEMENT" herein.

The Authority will not be obligated to provide funds for the payment of the Purchase Price of 2019A Bonds upon any tender.

Upon tender for purchase of any 2019A Bond (or portion thereof) on the Purchase Date therefor or of any Untendered 2019A Bond (as defined below) on or after the Purchase Date therefor at the office of the Tender Agent, endorsed in blank (or accompanied by a bond power executed in blank) to the extent of the portion to be purchased, the Tender Agent will pay to the Holder of such 2019A Bond (or portion thereof) or such Untendered 2019A Bond, as the case may be, the Purchase Price therefor on behalf of the purchaser thereof from funds available for such purchase held in the applicable account in the 2019A Bond Purchase Fund, in each such case, by 5:00 p.m., New York City time, on the date of payment.

While the 2019A Bonds are subject to the book-entry only system of registration and transfer described in APPENDIX C - "BOOK-ENTRY ONLY SYSTEM", to the extent permitted pursuant to the procedures of DTC, any beneficial ownership interest in such 2019A Bonds will be deemed tendered to the Tender Agent endorsed in blank when DTC or any Direct Participant or Indirect Participant (as such terms are defined in APPENDIX C- "BOOK-ENTRY ONLY SYSTEM") which owns such beneficial ownership interest as nominee for the Beneficial Owner thereof has received sufficient instructions from the person to whose account at DTC such beneficial ownership interest is credited to transfer such beneficial ownership interest to the account of the Tender Agent and such transfer is effected, and payment of the Purchase Price of such beneficial ownership interest will be deemed to be made when the Tender Agent gives sufficient instructions to (while maintaining sufficient funds at or delivering such funds to) DTC or such Participant to credit such Purchase Price to the account of such Person at DTC or such Participant.

Untendered 2019A Bonds

With respect to any 2019A Bond (or portion thereof) (a) for which notice of tender was given in connection with an optional tender but which is not tendered for purchase by 10:00 a.m., New York City time, on the applicable Purchase Date or (b) which is required to be tendered in connection with a mandatory tender and which is not tendered for purchase by 10:00 a.m., New York City time, on the applicable Purchase Date (such 2019A Bonds (or portions thereof) being referred to herein as "Untendered 2019A Bonds"), such Untendered 2019A Bond (or portion thereof) will, upon deposit in the applicable account in the 2019A Bond Purchase Fund of an amount sufficient to pay the Purchase Price of such Untendered 2019A Bond (or portion thereof) on such Purchase Date, be deemed to have been tendered and sold on such Purchase Date to the Person specified and thereafter, the person who has failed to deliver such Untendered 2019A Bond (or portion thereof) will not be entitled to any payment (including any interest accrued subsequent to such Purchase Date) in respect thereof other than the Purchase Price for such Untendered 2019A Bond (or portion thereof) and, unless such Purchase Price includes accrued interest to such Purchase Date, such accrued interest, and such Untendered 2019A Bond will no longer be entitled to the benefit of the Revenue Obligation Resolution, except for the purpose of payment of the Purchase Price therefor and such accrued interest, if any.

2019A Bank Bonds

Any 2019A Bond (or portion thereof or beneficial ownership interest therein) purchased by the Liquidity Provider(s) (or a nominee or nominees thereof) which has been tendered or deemed tendered for purchase on a Purchase Date to the extent the Purchase Price therefor is paid from amounts drawn under or derived from the Liquidity Facility will be and constitute a 2019A Bank Bond under the Forty-Seventh Supplemental Resolution. Each 2019A Bank Bond will bear interest from and including the date on which such 2019A Bond was so purchased (the "Liquidity Provider Purchase Date") to but not including the earliest of (a) the date (if any) on which such 2019A Bank Bond is remarketed as provided in the Forty-Seventh Supplemental Resolution, (b) the date (if any) on which such 2019A Bank Bond ceases to be a 2019A Bank Bond as provided in the Forty-Seventh Supplemental Resolution, and (c) the maturity or redemption date thereof, at an annual rate equal to the Bank Rate or Rates in effect from time to time during such period computed on the basis of a 360 day year for the actual number of days elapsed. Unless otherwise provided in the Liquidity Facility therefor, interest on a 2019A Bank Bond will be paid on each Interest Payment Date.

Extension or Substitution of Liquidity Facility or Credit Facility

The Authority may extend the term of a particular Liquidity Facility or Credit Facility for the 2019A Bonds, upon such terms and conditions as shall be determined to be advantageous to the Authority and commercially reasonable. The Authority will promptly give notice to the Notice Parties of a renewal or extension of a Liquidity Facility or a Credit Facility and the Trustee will promptly give notice thereof to the Owners of the 2019A Bonds. Any renewal or extension of a Liquidity Facility or a Credit Facility by the Authority will not constitute substitution of a Liquidity Facility or a Credit Facility.

The Authority is not required to maintain a Credit Facility in effect with respect to the 2019A Bonds, but the Authority, in its sole discretion, may choose to do so. The Authority may, in its sole discretion, (a) elect not to replace any Credit Facility with an Alternate Credit Facility and (b) at such time, if any, as no Credit Facility is in effect with respect to the 2019A Bonds, obtain an Alternate Credit Facility for the 2019A Bonds upon such terms and conditions as the Authority, in its sole discretion, may determine.

At any time prior to the giving by the Tender Agent of notice of the mandatory tender of the 2019A Bonds as a result of the expiration of the Liquidity Facility or Credit Facility then in effect, the Authority may deliver to the Tender Agent a Substitute Liquidity Facility or an Alternate Credit Facility, as applicable. Such Substitute Liquidity Facility or Alternate Credit Facility will be accompanied by (a) an Opinion of Bond Counsel: (i) to the effect that the substitution of such Substitute Liquidity Facility for the Liquidity Facility then in effect is authorized or permitted by the Master Resolution and will not cause the interest on the 2019A Bonds to become includable in gross income for federal income tax purposes of the Owners thereof or (ii) as to the substitution of such Alternate Credit Facility for the Credit Facility then in effect; (b) either (i) written evidence from each Rating Agency then rating the 2019A Bonds stating the ratings of the 2019A Bonds after substitution of such Substitute Liquidity Facility or Alternate Credit Facility or (B) a statement of the Authority that no ratings have been obtained, (c) if such Substitute Liquidity Facility or Alternate Credit Facility is other than a Letter of Credit issued by a domestic commercial bank, an Opinion of Counsel to the effect that no registration of the 2019A Bonds or such Substitute Liquidity Facility or Alternate Credit Facility is required under the Securities Act of 1933, as amended, (d) an Opinion of Counsel satisfactory to the Authority to the effect that such Substitute Liquidity Facility or Alternate Credit Facility is a valid and enforceable obligation of the issuer or provider thereof, and (e) all information required to give notice of mandatory tender for purchase of the 2019A Bonds if required by the Forty-Seventh Supplemental Resolution. Such Substitute Liquidity Facility or Alternate Credit Facility will become effective with respect to the 2019A Bonds on the Substitution Date therefor.

If, on any Substitution Date, (a)(i) a Substitute Liquidity Facility is being substituted for the Liquidity Facility then in effect and (ii) the Tender Agent has not have received remarketing proceeds in an amount sufficient to pay the Purchase Price of all 2019A Bonds (or portions thereof or beneficial interests therein) so subject to tender for purchase, then the Tender Agent will make a draw on or request for funding under, as applicable, such Liquidity Facility then in effect in order to obtain funds for the purchase of such 2019A Bonds (or portions thereof or beneficial interests therein) so subject to tender for purchase as to which it has not received proceeds of the remarketing thereof; and/or (b)(i) an Alternate Credit Facility is being substituted for the Credit Facility then in effect and (ii) the principal or Redemption Price of, or interest on, any 2019A Bonds is to be paid from the proceeds of a drawing on or request for funding under, as applicable, such Credit Facility then in effect, then the Trustee will make a drawing on or request for funding under, as applicable, such Credit Facility then in effect that is being replaced by such Alternate Credit Facility, in order to obtain funds for the payment of such principal or Redemption Price or interest.

The Authority may determine to deliver more than one Liquidity Facility pursuant to the Forty-Seventh Supplemental Resolution. In such event, (a) the Authority will take such actions (including, without limitation, obtaining such additional CUSIP number(s) for the 2019A Bonds) as shall be necessary to identify separately the 2019A Bonds (or beneficial ownership interests therein) to be supported by each such Liquidity Facility and (b) each such Liquidity Facility will be in a stated amount, or the aggregate commitment of the Liquidity Provider(s) thereunder will be, at least equal to the Facility Requirement calculated with respect to the particular portion of the 2019A Bonds supported thereby.

In connection with the delivery of any Substitute Liquidity Facility and/or Alternate Credit Facility, the Authority may amend the provisions of the Forty-Seventh Supplemental Resolution if and to the extent necessary to give effect to such Substitute Liquidity Facility and/or Alternate Credit Facility, accompanied by an Opinion of Bond Counsel to the effect that: (a) with respect to a Substitute Liquidity Facility, such amendment (i) is authorized or permitted by the Master

Resolution, (ii) will not cause the interest on the 2019A Bonds to become includable in gross income for federal income tax purposes and (iii) will not adversely affect the rights of the Owners of the 2019A Bonds or (b) with respect to an Alternate Credit Facility, such amendment will not adversely affect the rights of the Owners of the 2019A Bonds.

Disclosure Concerning Sales of Variable Rate Demand Obligations by Remarketing Agent

No representation is made by the Authority as to the accuracy, completeness or adequacy of such information to the extent this section reflects the internal practices and procedures of the Remarketing Agent.

The Remarketing Agent is Paid by the Authority. The Remarketing Agent's responsibilities include determining the interest rates borne by the 2019A Bonds from time to time and remarketing 2019A Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Forty-Seventh Supplemental Resolution and the Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by the Authority and is paid by the Authority for its services. As a result, the interests of the Remarketing Agent may differ from those of existing owners and potential purchasers of 2019A Bonds.

The Remarketing Agent Routinely Purchases Variable Rate Demand Obligations for its Own Account. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account in order to achieve a successful remarketing of such obligations (i.e., because there otherwise are not enough buyers to purchase such obligations) or for other reasons. The Remarketing Agent is permitted, but not obligated, in its sole discretion, to purchase tendered 2019A Bonds for its own account. However, the Remarketing Agent is not obligated to purchase 2019A Bonds and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the 2019A Bonds by routinely purchasing and selling 2019A Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at prices at or below par. However, the Remarketing Agent is not required to make a market in the 2019A Bonds. The Remarketing Agent may also sell any 2019A Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the 2019A Bonds. The purchase of 2019A Bonds by the Remarketing Agent may create the appearance that there is greater third-party demand for the 2019A Bonds in the market than is actually the case. The practices described above also may result in fewer 2019A Bonds being tendered in a remarketing.

2019A Bonds May be Offered at Different Prices on Any Date Including a Rate Determination Date. Pursuant to the Forty-Seventh Supplemental Resolution and the Remarketing Agreement, on each Rate Determination Date, the Remarketing Agent is required to determine the 2019A Bond Rate, which shall be the rate of interest that, in the Remarketing Agent's judgment, is the minimum interest rate necessary to be borne by the affected 2019A Bonds (or beneficial ownership interests therein) for the relevant Interest Period to enable the Remarketing Agent to remarket such 2019A Bonds (or beneficial ownership interests therein) on the Rate Adjustment Date therefor at a price (without regard to accrued interest) equal to 100% of the principal amount thereof; provided, however, that in no event shall any rate so determined exceed the Maximum Rate. The interest rate will reflect, among other factors, the level of market demand for the 2019A Bonds (including whether the Remarketing Agent is willing to purchase 2019A Bonds for its own account). There may or may not be 2019A Bonds tendered and remarketed on a Rate Determination Date, the Remarketing Agent may or may not be able to remarket any 2019A Bonds tendered for purchase on such date at par and the Remarketing Agent may sell 2019A Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third-party buyers for all of the 2019A Bonds at the remarketing price. In the event the Remarketing Agent owns any 2019A Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer 2019A Bonds on any date, including the Rate Adjustment Date, at a discount to par to some investors.

The Ability to Sell the 2019A Bonds Other Than Through the Tender Process May Be Limited. The Remarketing Agent may buy and sell 2019A Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require owners that wish to tender their 2019A Bonds (or beneficial ownership interests therein) to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the 2019A Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2019A Bonds other than by tendering the 2019A Bonds (or beneficial ownership interests therein) in accordance with the tender process.

Under Certain Circumstances, Pursuant to the Liquidity Facility the 2019A Bank is Not Obligated to Purchase Tendered 2019A Bonds. In addition, the 2019A Bank may fail to purchase tendered 2019A Bonds even when it is obligated to do so. In such case, tendered 2019A Bonds would be returned to the holders thereof and bear interest at an interest rate established by the Remarketing Agent in the manner described in the second paragraph under "Interest Rates and Interest Modes; Determination of Interest Rates" above. It is not certain that following a failure to purchase 2019A Bonds a secondary market for the 2019A Bonds will develop.

Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the 2019A Bonds, without a Successor Being Named. Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, subject to the terms of the Forty-Seventh Supplemental Resolution and the Remarketing Agreement. Under the Forty-Seventh Supplemental Resolution, no removal of the Remarketing Agent will be effective until a successor Remarketing Agent has been appointed and has accepted such appointment. In the event that the Remarketing Agent resigns without a successor having been named, the only source of funds for payment of the Purchase Price of 2019A Bonds (or beneficial ownership interests therein) tendered or deemed tendered for purchase would be amounts drawn under the Liquidity Facility then in effect. See "Remarketing and Purchase Price" above. In addition, if for any reason the Remarketing Agent fails to determine the Market Rate for any 2019A Bond (or beneficial ownership interest therein) on a Rate Determination Date, the interest rate to be borne by such 2019A Bond (or beneficial ownership interest therein) shall be determined in the manner described in the second paragraph under "Interest Rates and Interest Modes; Determination of Interest Rates" above.

Redemption Provisions

Optional Redemption

The 2019A Bonds are subject to redemption prior to maturity at the election of the Authority on any Business Day, in whole or in part, at a Redemption Price of 100% of the principal amount thereof together with accrued interest, if any, to the redemption date.

Mandatory Redemption

The 2019A Bonds are subject to mandatory redemption from sinking fund installments required by the Forty-Seventh Supplemental Resolution, without premium, plus accrued interest to the redemption date, on January 1 of each of the following years (each, a "Sinking Fund Payment Date") and in the amounts as follows:

January 1	Principal Amount
2021	$2,190,000
2022	685,000
2023	19,120,000
2024	8,485,000
2025	5,525,000
2026	2,345,000
2027	1,225,000
2028	12,635,000
2029	9,600,000
2030	15,965,000
2031	13,380,000
2032	2,330,000
2033	11,585,000
2034	16,025,000
2035	15,250,000
2036	26,660,000†

† Final Maturity Date

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any mandatory redemption date, the Authority may (i) deliver to the Paying Agent for cancellation 2019A Bonds subject to mandatory redemption

in part on such redemption date, in any aggregate principal amount desired, or (ii) receive a credit in respect of its mandatory redemption obligation for any 2019A Bonds of a maturity subject to mandatory redemption in part on such redemption date, which, prior to such date, have been purchased or redeemed (otherwise than through the operation of the mandatory redemption requirement) by the Authority and cancelled by the Paying Agent and not theretofore applied as a credit against any mandatory redemption obligation. Each such 2019A Bond so delivered or previously purchased or redeemed shall be credited by the Paying Agent at 100% of the principal amount thereof on the obligation of the Authority on such respective mandatory redemption obligations in chronological order, and the principal amount of such 2019A Bonds to be redeemed by operation of the mandatory redemption requirement shall be accordingly reduced.

Redemption of 2019A Bank Bonds

The 2019A Bank Bonds shall be subject to redemption, at the election of the Authority, in whole or in part at any time at a Redemption Price equal to the principal amount thereof, plus accrued interest thereon to the date of redemption (computed at the Bank Rate or Rates in effect from time to time). Any such redemption shall take place five (5) Business Days after the Authority shall have given the 2019A Bank, the Trustee, the Registrar, the Paying Agent, the Tender Agent and the Remarketing Agent notice thereof, specifying the 2019A Bank Bonds or portions thereof to be so redeemed on such date, unless the 2019A Bank shall consent to an earlier redemption date.

Additional Redemption Provisions for 2019A Bank Bonds

Each portion of the 2019A Bonds that becomes a 2019A Bank Bond as a result of a purchase on a distinct Liquidity Provider Purchase Date (the date of purchase of each 2019A Bond by the Liquidity Provider) will be deemed to constitute a separate 2019A Bank Bond (referred to as a "Separate 2019A Bank Bond"). Each Separate 2019A Bank Bond shall be subject to mandatory redemption through Sinking Fund Installments as follows: Each Separate 2019A Bank Bond outstanding shall be redeemed during the period commencing with a date which is 180 days after the Liquidity Provider Purchase Date (or, if the purchase was made due to a mandatory tender resulting from an event of default or similar event under the Liquidity Facility or the Credit Facility, on the date that is 180 days after the Liquidity Provider Purchase Date) applicable to such Separate 2019A Bank Bond (the "Term Loan Commencement Date") and extending to the the earliest to occur of: (i) the third anniversary of the Liquidity Provider Purchase Date, (ii) the third anniversary of the Stated Expiration Date as in effect on the date on the Term Loan Commencement Date, (iii) the date on which an Alternate Credit Facility becomes effective with respect to the 2019A Bonds, and (iv) the date on which the Facility Requirement is permanently reduced to zero or the Letter of Credit is otherwise terminated prior to the Stated Expiration Date (the "Term Loan Maturity Date"). In order to provide for such redemption, there are established Sinking Fund Installments with respect to each such Separate 2019A Bank Bond, which Sinking Fund Installments will be payable in equal semi-annual Sinking Fund Installments, on each six-month anniversary of the Term Loan Commencement Date; *provided* that the unpaid principal amount of each outstanding Separate 2019A Bank Bond will be payable in full on the related Term Loan Maturity Date. For purposes of the two preceding sentences, each semi-annual Sinking Fund Installment payment date or due date, as the case may be, is the date that numerically corresponds with the Term Loan Commencement Date or, if there is no such numerically corresponding date in the applicable month, on the last day of such month (or, if such day is not a Business Day, the next succeeding Business Day). The 2019A Bank will determine the amount of each Sinking Fund Installment due on each Separate 2019A Bank Bond on each payment date and will notify the Trustee and the Authority of such amount at least three Business Day prior to such payment date. The Redemption Price will be the principal amount of the 2019A Bank Bonds to be redeemed plus accrued interest thereon to the date of redemption. In the event that the principal amount of 2019A Bank Bonds to be redeemed on any such redemption date is not equal to an Authorized Denomination, the principal amount of 2019A Bank Bonds to be redeemed will be rounded to the next higher Authorized Denomination. 2019A Bank Bonds optionally redeemed by the Authority will be applied against the next succeeding Sinking Fund lnstallment(s). When 2019A Bonds are subject to optional redemption, 2019A Bank Bonds will be redeemed first, and in that event, the amount of 2019A Bonds redeemed will be applied against the next succeeding Sinking Fund Installments in the order of the due dates thereof.

Selection of 2019A Bonds to be Redeemed

Whenever less than all of the outstanding 2019A Bonds of a maturity are to be redeemed on any one date, the Trustee will select the 2019A Bonds to be redeemed from the outstanding 2019A Bonds of such maturity by lot (provided that so long as the 2019A Bonds shall remain immobilized at DTC, such 2019A Bonds will be selected in such manner as DTC shall determine); provided, however, that for any 2019A Bond of a denomination of more than the minimum

denomination, the portion of such 2019A Bond to be redeemed must be in a principal amount equal to such minimum denomination or an integral multiple thereof, and that, in selecting portions of such 2019A Bonds for redemption, the Trustee will treat each such Bond as representing that number of 2019A Bonds of such minimum denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by the amount of such minimum denomination.

Notwithstanding the foregoing, in the event of any redemption of less than all of the 2019A Bonds, 2019A Bank Bonds shall be redeemed first, prior to the selection of any other 2019A Bonds for redemption.

Notice of Redemption

Notice of redemption will be given by first-class mail by the Trustee to the owners of any 2019A Bonds designated for redemption in whole or in part not less than fifteen (15) days before the redemption date. Each notice of redemption will state the redemption date, the redemption place and the redemption price, and will designate the numbers of the 2019A Bonds to be redeemed (if called for redemption in part only), state the portion of the principal amount thereof which is to be redeemed, and state that the interest thereon or portions thereof designated for redemption will cease to accrue from and after such redemption date and that on such redemption date there will become due and payable on each of the 2019A Bonds or portions thereof designated for redemption the redemption price thereof. The failure to mail such notice with respect to any 2019A Bonds will not affect the validity of the proceedings for the redemption of any other 2019A Bonds with respect to which notice was so mailed.

Any notice of optional redemption of 2019A Bonds may state that it is conditioned upon receipt by the Trustee of moneys sufficient to pay the redemption price of such 2019A Bonds or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission will be given by the Trustee to affected owners of 2019A Bonds as promptly as practical upon the failure of such condition or the occurrence of such event.

Optional Redemption and Defeasance of 2019A Bonds While 2019A Letter of Credit is In Effect

During the period the 2019A Letter of Credit or any Alternate Credit Facility consisting of a direct-pay letter of credit is in effect, (i) there may be no optional prepayment of 2019A Bonds or defeasance of the 2019A Bonds pursuant to the Revenue Obligation Resolution with money other than Eligible Moneys; (ii) there may be no defeasance of the 2019A Bonds pursuant to the Master Resolution unless the Authority has received written evidence from each Rating Agency then rating the 2019A Bonds to the effect that such action will not resolute in a withdrawal, suspension or reduction in such Rating Agency's ratings on the 2019A Bonds; and (iii) 2019A Bank Bonds may not be defeased pursuant to the Revenue Obligation Resolution. In accordance with the Forty-Seventh Supplemental Resolution, the Trustee will first draw on the 2019A Letter of Credit or such Alternate Credit Facility for such prepayment if the 2019A Letter of Credit or such Alternate Credit Facility is then in effect.

Registration and Transfer; Payment

The 2019A Bonds may be transferred only on the books of the Authority held at the designated corporate trust office of the Trustee, as Registrar. Neither the Authority nor the Registrar will be required to transfer or exchange 2019A Bonds (a) to transfer or exchange any 2019A Bond for the period next preceding any Interest Payment Date for the 2019A Bonds beginning with the regular Record Date for such interest payment date and ending on such Interest Payment Date, or for the period next preceding any date for the proposed payment of Defaulted Interest with respect to such 2019A Bond beginning with the Special Record Date for the date of such proposed payment and ending on the date of such proposed payment, (b) to transfer or exchange 2019A Bonds for a period beginning 15 days before the first mailing of any notice of redemption and ending on the day of such mailing, or (c) to transfer, exchange or register any 2019A Bonds called for redemption. Interest on any 2019A Bonds will be paid to the person in whose name such 2019A Bond is registered on the applicable Record Date. At such time, if any, as the 2019A Bonds are no longer subject to the book-entry only system of registration and transfer described in APPENDIX C - "BOOK-ENTRY ONLY SYSTEM" herein, interest on the 2019A Bonds will be payable by check or draft of the Trustee, as Paying Agent, mailed to the registered owners by first-class mail (or, to the extent permitted by the Resolution, by wire transfer (see "General" above)). At such time, if any, as the 2019A Bonds are no longer subject to such book-entry only system of registration and transfer, the principal of all

2019A Bonds will be payable on the date of maturity or redemption thereof upon presentation and surrender at the designated corporate trust office of the Paying Agent.

For so long as a book-entry system is used for determining beneficial ownership of the 2019A Bonds, such principal and interest will be payable to DTC or its nominee. Disbursement of such payments to the Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the 2019A Bonds is the responsibility of the Direct Participants or the Indirect Participants. See APPENDIX C - "BOOK-ENTRY ONLY SYSTEM" attached hereto.

THE 2019A LETTER OF CREDIT AND THE 2019A REIMBURSEMENT AGREEMENT

General

The 2019A Letter of Credit and 2019A Reimbursement Agreement contain various provisions, covenants and conditions, certain of which are summarized below and in APPENDIX G - "SUMMARY OF CERTAIN PROVISIONS OF THE 2019A LETTER OF CREDIT AND THE 2019A REIMBURSEMENT AGREEMENT." Such summaries should not be considered a full statement of the 2019A Letter of Credit or the 2019A Reimbursement Agreement. Reference is made to the 2019A Letter of Credit and the 2019A Reimbursement Agreement for complete details of the terms thereof. The 2019A Reimbursement Agreement, in draft and final form (when available), will be available on the Municipal Securities Rulemaking Board's (the "MSRB") Electronic Municipal Market Access ("EMMA") system (www.emma.msrb.org) or may be obtained from the Remarketing Agent. Certain words or terms used in the following summary are defined in APPENDIX G - "SUMMARY OF CERTAIN PROVISIONS OF THE 2019A LETTER OF CREDIT AND THE 2019A REIMBURSEMENT AGREEMENT" under the heading "Definitions."

2019A Letter of Credit

The 2019A Letter of Credit is an irrevocable, direct-pay obligation of the 2019A Bank to pay to the Trustee, upon request and in accordance with the terms thereof, up to (i) an amount sufficient to pay up to $163,005,000 of principal of the 2019A Bonds (or that portion of the purchase price of the 2019A Bonds corresponding to principal) when due, at maturity or upon redemption, purchase pursuant to a tender, or otherwise plus (ii) an amount equal to 46 days' interest, computed at a maximum interest rate of 10% per annum (based on a year of 365 days), on the 2019A Bonds to pay interest thereon (or that portion of the purchase price of the 2019A Bonds corresponding to interest).

The Trustee is directed under the Forty-Seventh Supplemental Resolution to draw upon the 2019A Letter of Credit (i) to enable the Trustee to pay principal of and interest on the 2019A Bonds (other than Ineligible Bonds) when due and (ii) to enable the Trustee to pay the Purchase Price of 2019A Bonds (other than Ineligible Bonds) tendered for purchase, in all cases to the extent that other moneys permitted by the Forty-Seventh Supplemental Resolution to be applied for such purposes are not available.

The 2019A Reimbursement Agreement

The 2019A Bank will agree to issue the 2019A Letter of Credit pursuant to the terms of the 2019A Reimbursement Agreement. Pursuant to the 2019A Reimbursement Agreement, the Authority will agree to pay to the 2019A Bank certain fees and expenses and will agree to certain affirmative and negative covenants. The Authority's obligations to reimburse the Bank for any drawings under the Letter of Credit and all obligations to repay the Bank for any tender advances, including all interest accrued thereon, will be secured on a parity basis with the 2019A Bonds and the Revenue Obligations issued pursuant to the Revenue Obligation Resolution. The parity lien securing such reimbursement obligations, the 2019A Bonds and the other Revenue Obligations is described under the heading "SECURITY FOR THE 2019A BONDS – General" below. Fees and expenses payable by the Authority to the 2019A Bank pursuant to the 2019A Reimbursement Agreement will be payable as Operation and Maintenance Expenses under the Resolution.

THE 2019A BANK

The information relating to the 2019A Bank set forth below has been furnished by the 2019A Bank for inclusion in this Official Statement. No representation is made herein by the Authority as to the accuracy or adequacy of such

information or as to the absence of material adverse changes in such information subsequent to the date of this Official Statement. The Authority has not made any independent investigation of the 2019A Bank.

The 2019A Bank is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The 2019A Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the "Corporation") and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of June 30, 2019, the 2019A Bank had consolidated assets of $1.793 trillion, consolidated deposits of $1.441 trillion and stockholder's equity of $212.60 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2018, together with its subsequent periodic and current reports filed with the Securities and Exchange Commission (the "SEC").

The SEC maintains a website at www.sec.gov which contains the filings that the Corporation files with the SEC such as reports, proxy statements and other documentation. The reports, proxy statements and other information the Corporation files with the SEC are also available at its website, www.bankofamerica.com.

The information concerning the Corporation and the 2019A Bank is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the referenced documents and financial statements referenced therein.

The 2019A Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case, as filed with the SEC pursuant to the Securities Exchange Act of 1934, as amended), and the publicly available portions of the most recent quarterly Call Report of the 2019A Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporation
Office of the Corporate Secretary/Shareholder Relations
Hearst Tower, 214 North Tryon Street
NC1-027-18-05
Charlotte, NC 28255

PAYMENTS OF PRINCIPAL AND INTEREST ON THE 2019A BONDS WILL BE MADE FROM DRAWINGS UNDER THE 2019A LETTER OF CREDIT. ALTHOUGH THE 2019A LETTER OF CREDIT IS A BINDING OBLIGATION OF THE 2019A BANK, THE 2019A BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE 2019A BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The delivery of this information shall not create any implication that there has been no change in the affairs of the Corporation or the 2019A Bank since the date of the most recent filings referenced herein, or that the information contained or referred to under this heading the "THE 2019A BANK" is correct as of any time subsequent to the referenced date.

SECURITY FOR THE 2019A BONDS

General

The 2019A Bonds are payable solely from, and secured by a lien upon and pledge of, the Revenues on a parity basis with the lien and pledge securing Revenue Obligations issued pursuant to the Revenue Obligation Resolution, senior

to (a) payments required to be made from or retained in the Revenue Fund to pay Operation and Maintenance Expenses, and (b) the payments into the Capital Improvement Fund heretofore established and continued under the Revenue Obligation Resolution. In the Revenue Obligation Resolution, the Authority has covenanted not to incur any indebtedness senior to the lien of the Revenue Obligations.

The Revenue Obligations, including the 2019A Bonds, are not indebtedness of the State, nor of any political subdivision thereof, and neither the State nor any of its political subdivisions are liable thereon, nor are they payable from any funds other than the Revenues of the Authority pledged to the payment thereof.

Additional series of Revenue Obligations may be issued without limitation and without compliance with any additional bonds test, provided there is no default under the Revenue Obligation Resolution. In addition, no debt service reserve fund is established under the Revenue Obligation Resolution. See APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION."

Rate Covenant

The Revenue Obligation Resolution provides that the Authority establish, maintain and collect rents, tolls, rates and other charges for power and energy and all other services, facilities and commodities sold, furnished or supplied through the facilities of the System which will be adequate to provide the Authority with Revenues sufficient: (a) to pay the principal of, premium, if any, and interest on the Revenue Obligations as and when the same become due and payable; (b) to make when due all payments which the Authority is obligated to make (i) into the Revenue Obligation Fund created under the Revenue Obligation Resolution, and (ii) into the Capital Improvement Fund pursuant to the Revenue Obligation Resolution; (c) to make all other payments which the Authority is obligated to make pursuant to the Revenue Obligation Resolution; (d) to pay all proper operation and maintenance expenses and all necessary repairs, replacements and renewals thereof; (e) to pay all taxes, assessments or other governmental charges lawfully imposed on the Authority or the Revenues thereof or payments in lieu thereof; and (f) to pay any and all amounts which the Authority may become obligated to pay from the Revenues of the System by law or by contract.

There is no governmental or regulatory entity, other than the Board, having jurisdiction over the rates of the Authority.

As required by the Act, the Authority makes distributions to the State and payments in lieu of taxes ("PILOTs") to local governments.

Distributions to the State. The Act provides that the Authority is to be operated for the benefit of the people of this State and requires that all net earnings of the Authority not needed for the prudent conduct and operation of its business or to pay the principal of and interest on its bonds, notes, or other obligations, or to fulfill the terms and provisions of any agreements made with the purchasers or holders thereof or others be paid to the State Treasurer on a semiannual basis to be used to reduce the tax burdens on the people of the State. The Act further provides that the Authority is not prohibited from paying to the State each year up to one percent of its projected operating revenues, determined on an accrual basis, from the combined electric and water systems. For some time, the Authority has paid one percent of its annual operating revenues to the State Treasurer, such payments totaling $17,397,000 for 2018 and $17,496,000 for 2019.

PILOTs. Under the Act, the PILOTs are subject to the Authority's payment of necessary operating expenses and annual debt requirements on bonds, notes, or other obligations at any time outstanding, and the discharge of all annual obligations arising under finance agreements with the United States or any agency or corporation of the United States and indentures under which bonds have been issued. In 2018 and 2019, the Authority made PILOTs of $10,225,000 and $10,978,000, respectively.

In 2018 and 2019, the Authority's distributions to the State and PILOTs totaled approximately $27,622,000 and $28,474,000, respectively.

Additional Indebtedness

Additional series of Revenue Obligations may be issued without limitation and without compliance with any additional bonds test, provided there is no default under the Revenue Obligation Resolution. The Revenue Obligation

Resolution does not prohibit the issuance of obligations secured by a pledge of the Revenues junior and subordinate to the pledge securing the Revenue Obligations. In addition, the Authority may issue obligations secured by a pledge of revenues derived from separate utility systems not included in the System. See APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION – Separate Systems."

Flow of Funds

The Authority covenants and agrees in the Revenue Obligation Resolution to pay into the Revenue Fund all Revenues received by the Authority, as promptly as practical after receipt thereof. The Revenue Fund is held in trust and administered by the Authority.

Moneys are disbursed by the Authority from the Revenue Fund in the following order:

1. Revenue Obligation Fund: To pay, when due, to the Trustee for deposit in the Revenue Obligation Fund an amount equal to principal, premium, if any, and interest on all the Obligations from time to time Outstanding as the same respectively become due and payable. Such amounts are required to be transferred by the Authority to the Trustee for deposit into the Revenue Obligation Fund not later than the business day immediately preceding the next date upon which an installment of principal (whether upon maturity or mandatory redemption), premium, if any, or interest falls due on the Obligations (or in immediately available funds on such due date), in an amount equal to such installment of principal, premium, if any, or interest then falling due on all Obligations then Outstanding.

2. Operating and Maintenance: To pay expense of operation and maintenance.

3. Subordinated Debt: To pay, when due, amounts due and owing with respect to the payment of principal of and interest on amounts issued under the Note Resolution (as defined herein), including Commercial Paper Notes and the Authority's payment obligations under the CP Reimbursement Agreement (as defined herein) and the Revolving Credit Agreements (as such terms are hereinafter defined).

4. Capital Improvement Fund: To pay during each Fiscal Year into the Capital Improvement Fund an amount at least equal to the amount which, together with the amounts deposited in the Capital Improvement Fund in the two immediately preceding Fiscal Years, will be at least equal to eight percent (8%) of the Revenues paid into the Revenue Fund in the three immediately preceding Fiscal Years.

Any moneys remaining in the Revenue Fund each month after making the payments described above may be used by the Authority for any corporate purpose of the Authority. See APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION" and "OUTSTANDING INDEBTEDNESS AND FUTURE FINANCING AND DEBT REDUCTION PLAN – Outstanding Indebtedness – *Subordinated Debt*" herein.

Capital Improvement Fund Requirement

Permitted use of moneys in the Capital Improvement Fund includes but is not limited to payment of Capital Costs, as defined in the Revenue Obligation Resolution. See APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION."

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REFUNDING PLAN

The 2019A Bonds are being issued to redeem on January 1, 2020 (the "Redemption Date") certain of the Authority's outstanding Revenue Obligations, as further described in the table below (the "Refunded Bonds"):

Bond	Par Amount[1]	Interest Rate	Maturity Date
2004 Series M Current Interest Bearing Bonds	$ 5,905,500	4.90%	01/01/2023
2004 Series M Capital Appreciation Bonds	2,608,200	5.00	01/01/2024
2005 Series M Current Interest Bearing Bonds	2,114,000	4.35	01/01/2023
2005 Series M Capital Appreciation Bonds	1,112,800	4.35	01/01/2023
2006 Series M Current Interest Bearing Bonds	1,893,000	4.20	01/01/2023
2006 Series M Capital Appreciation Bonds	902,600	4.20	01/01/2023
2008 Series M Current Interest Bearing Bonds	3,256,500	4.50	01/01/2023
2008 Series M Current Interest Bearing Bonds	6,892,000	4.80	01/01/2028
2008 Series M Capital Appreciation Bonds	1,228,000	4.50	01/01/2023
2008 Series M Capital Appreciation Bonds	1,645,900	4.80	01/01/2028
2010 Series M1 Current Interest Bearing Bonds	4,935,500	3.50	01/01/2020
2010 Series M1 Current Interest Bearing Bonds	3,924,500	4.00	01/01/2025
2010 Series M1 Current Interest Bearing Bonds	6,978,000	4.30	01/01/2030
2010 Series M1 Capital Appreciation Bonds	1,452,600	4.00	01/01/2024
2010 Series M1 Capital Appreciation Bonds	1,274,200	4.30	01/01/2029
2011 Series M2 Current Interest Bearing Bonds	1,533,000	2.70	01/01/2021
2011 Series M2 Current Interest Bearing Bonds	1,805,500	3.75	01/01/2026
2011 Series M2 Current Interest Bearing Bonds	8,957,000	4.20	01/01/2031
2011 Series M2 Capital Appreciation Bonds	1,545,600	2.70	01/01/2020
2011 Series M2 Capital Appreciation Bonds	1,087,600	3.75	01/01/2025
2011 Series M2 Capital Appreciation Bonds	1,472,800	4.20	01/01/2030
2013 Series M1 Current Interest Bearing Bonds	2,200,500	3.45	01/01/2028
2013 Series M1 Current Interest Bearing Bonds	9,144,000	3.90	01/01/2033
2013 Series M1 Capital Appreciation Bonds	858,400	3.45	01/01/2027
2013 Series M1 Capital Appreciation Bonds	1,881,400	3.90	01/01/2032
2014 Series M1 Current Interest Bearing Bonds	3,687,500	3.00	01/01/2024
2014 Series M1 Current Interest Bearing Bonds	6,030,500	4.00	01/01/2029
2014 Series M1 Current Interest Bearing Bonds	13,565,000	4.30	01/01/2034
2014 Series M1 Capital Appreciation Bonds	1,996,200	3.00	01/01/2023
2014 Series M1 Capital Appreciation Bonds	1,512,800	4.00	01/01/2028
2014 Series M1 Capital Appreciation Bonds	1,980,600	4.30	01/01/2033
2015 Series M1 Current Interest Bearing Bonds	5,060,000	3.50	01/01/2030
2015 Series M1 Current Interest Bearing Bonds	11,517,500	3.85	01/01/2035
2015 Series M1 Capital Appreciation Bonds	1,899,200	3.50	01/01/2029
2015 Series M1 Capital Appreciation Bonds	1,976,000	3.85	01/01/2034
2016 Series M1 Current Interest Bearing Bonds	3,993,500	3.35	01/01/2031
2016 Series M1 Current Interest Bearing Bonds	16,146,500	3.75	01/01/2036
2016 Series M1 Capital Appreciation Bonds	2,039,400	3.35	01/01/2030
2016 Series M1 Capital Appreciation Bonds	3,227,800	3.75	01/01/2035

(1) These par amounts do not include potential tenders by elective purchase.

In addition, the Authority intends to use other available funds to pay off a portion of its outstanding Commercial Paper Notes upon their maturity. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The proceeds of the Refunded Bonds were not used to finance any of the Authority's nuclear-related projects, including Summer Nuclear Units 2 and 3 (as defined herein).

The redemption price for the Refunded Bonds consisting of Current Interest Bearing Bonds will be equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The redemption price of the Refunded Bonds consisting of Capital Appreciation Bonds will be equal to the accreted value thereof on the Redemption Date.

Moneys sufficient to pay the redemption price of and interest on the Refunded Bonds on the Redemption Date therefor will be derived from the proceeds of the 2019A Bonds and other available funds of the Authority (the "Redemption Proceeds").

Simultaneously with the issuance of the 2019A Bonds, the Authority will enter into one or more escrow deposit agreements for the Refunded Bonds (collectively, the "Escrow Deposit Agreement") with The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent"). The Authority will deposit the Redemption Proceeds in an escrow account with the Escrow Agent pursuant to the Escrow Deposit Agreement. The Redemption Proceeds on deposit in the escrow account will be in an amount sufficient to pay the principal or redemption price, as applicable, of and interest on the Refunded Bonds when due. The Redemption Proceeds will be invested in Permitted Investments pursuant to the terms of the Escrow Deposit Agreement.

Upon deposit of the Redemption Proceeds with the Escrow Agent pursuant to the Escrow Deposit Agreement and compliance with certain other provisions of the Resolution, the Refunded Bonds shall no longer be deemed "Outstanding" within the meaning of the Resolution.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations was independently verified by Samuel Klein and Company, Certified Public Accountants (the "Verification Agent"). These computations indicate (i) the sufficiency of the receipts from the Permitted Investments together with an initial cash deposit, to pay at early redemption, the principal of and interest on the Refunded Bonds, and (ii) the yields to be considered in determining that the 2019A Bonds are not "arbitrage bonds" under Section 148 of the Internal Revenue Code. The Verification Agent relied upon assumptions and information supplied by the Financial Advisor on behalf of the Authority and has not made any study or examination of them, except as noted in its report. The Verification Agent has not expressed an opinion on the reasonableness of the assumptions or the likelihood that the debt service requirements of the Refunded Bonds will be satisfied as described in its report.

ESTIMATED SOURCES AND USES OF FUNDS

The table below sets forth the estimated sources and uses of funds in connection with the issuance of the 2019A Bonds.

Sources	
Principal Amount of 2019A Bonds	$163,005,000.00
Other Available Funds of the Authority	21,622,726.00
Total	$184,627,726.00
Uses	
Deposit pursuant to Escrow Deposit Agreement	$166,352,726.00
Pay-off of Commercial Paper Notes	18,275,000.00
Total	$184,627,726.00

The Authority will pay the costs of issuing the 2019A Bonds, including the Underwriters' discount, from other funds on hand.

DEBT SERVICE REQUIREMENTS

The following table sets forth on an accrual basis the estimated annual debt service due on the Authority's outstanding Revenue Obligations, principal of and interest on the 2019A Bonds based on an assumed interest rate of 2.50% and total debt service on all Revenue Obligations to be outstanding after the issuance of the 2019A Bonds in each calendar year indicated. **Amounts are shown in thousands of dollars**.

Year Ending Dec. 31[1]	Debt Service on Outstanding Revenue Obligations[2][3]	Principal on 2019A Bonds	Interest on 2019A Bonds	Total Debt Service on 2019A Bonds and Outstanding Revenue Obligations
2019	$ 388,720	$ -	$ 532	$ 389,252
2020	412,587	2,190	4,075	418,852
2021	465,463	685	4,020	470,168
2022	448,614	19,120	4,003	471,737
2023	574,278	8,485	3,525	586,288
2024	401,756	5,525	3,313	410,594
2025	408,761	2,345	3,175	414,281
2026	401,331	1,225	3,116	405,672
2027	386,296	12,635	3,086	402,017
2028	411,537	9,600	2,770	423,907
2029	416,773	15,965	2,530	435,268
2030	374,066	13,380	2,131	389,577
2031	378,409	2,330	1,796	382,535
2032	369,562	11,585	1,738	382,885
2033	423,658	16,025	1,448	441,131
2034	415,067	15,250	1,048	431,365
2035	415,645	26,660	667	442,972
2036	425,931	-	-	425,931
2037	370,037	-	-	370,037
2038	338,525	-	-	338,525
2039	321,807	-	-	321,807
2040	328,668	-	-	328,668
2041	356,060	-	-	356,060
2042	337,703	-	-	337,703
2043	349,368	-	-	349,368
2044	387,332	-	-	387,332
2045	397,453	-	-	397,453
2046	418,415	-	-	418,415
2047	348,172	-	-	348,172
2048	343,121	-	-	343,121
2049	330,648	-	-	330,648
2050	268,302	-	-	268,302
2051	268,607	-	-	268,607
2052	272,869	-	-	272,869
2053	264,759	-	-	264,759
2054	207,050	-	-	207,050
2055	118,140	-	-	118,140
2056	39,767	-	-	39,767
Total	$13,585,257	$163,005	$42,974	$13,791,236

(1) Debt service payments due January 1 of the next succeeding year are included in the prior year's debt service payments.

(2) Excludes debt service on: (i) Commercial Paper Notes, which are secured on a subordinate basis to the Revenue Obligations; (ii) $360,055,900 in Revenue Obligations prepaid on October 16, 2019 using available cash of the Authority; and (iii) debt service on the Refunded Bonds to be refunded with the proceeds of the 2019A Bonds on January 1, 2020.

(3) Net of Subsidy Payment (hereinafter defined). At time of issuance of the Authority's Revenue Obligations, 2010 Series C Bonds (the "2010C Bonds"), subject to the Authority's compliance with certain requirements under the American Recovery and Reinvestment Act of 2009 and the Internal Revenue Code of 1986, as amended (the "Code"), the Authority expected to receive cash subsidy payments from the United States Treasury which were expected to equal to 35% of the interest payable on the 2010C Bonds (any such payment, a "Subsidy Payment"). Pursuant to the requirements of the Federal Balanced Budget and Emergency Deficit Control Act of 1985, as amended, certain automatic reductions took place effective March 1, 2013, including a reduction in refundable credits under Section 6431 of the Code applicable to certain qualified bonds, including the Subsidy Payment with respect to the 2010C Bonds. As a result, a projected sequestration reduction rate has been applied to all Subsidy Payments. The debt service on the Revenue Obligations has been adjusted to reflect such reductions.

OUTSTANDING INDEBTEDNESS AND FUTURE FINANCING AND DEBT REDUCTION PLAN

Outstanding Indebtedness

Senior Parity Debt. Pursuant to the Act, the Board adopted the Revenue Obligation Resolution providing for the issuance of the Authority's Revenue Obligations. As noted above, as of September 30, 2019, the Authority had approximately $6,998,570,000 in aggregate principal amount of Revenue Obligations outstanding under the Revenue Obligation Resolution.

Subordinated Debt. The Revenue Obligation Resolution provides that the Authority may issue obligations that are secured by a lien upon and pledge of Revenues junior to the lien and pledge securing Revenue Obligations. Under this authority, the Board has by resolution (the "Note Resolution") authorized the issuance of revenue notes (the "Commercial Paper Notes") in an aggregate principal amount not to exceed the lesser of (a) 20% of the aggregate Authority debt outstanding as of the last day of the most recent fiscal year for which audited financial statements of the Authority are available or (b) the aggregate unused commitment (i.e., the commitment minus any loans outstanding) under any revolving credit agreements the Authority may enter into to obtain funds to repay the Commercial Paper Notes. Pursuant to the Note Resolution, the maximum amount of Commercial Paper Notes that may be outstanding at any time is currently $1,458,452,400.

The Commercial Paper Notes are secured by a lien upon and pledge of Revenues junior to the lien and pledge securing (a) Revenue Obligations and (b) expenses of operating and maintaining the System, but prior to the payments into the Capital Improvement Fund. As noted above, as of September 30, 2019, there was outstanding $164,253,000 of Commercial Paper Notes under the Note Resolution.

The Authority has entered into the Reimbursement Agreement dated as of May 1, 2017 with Bank of America, N.A. (the "CP Reimbursement Agreement") for the purpose of obtaining funds, if needed, to repay the Authority's outstanding Revenue Notes, Tax Exempt CP Sub-Series D and Taxable CP Sub-Series DD. The CP Reimbursement Agreement allows the Authority to borrow up to $200,000,000 and expires on September 18, 2020. As of September 30, 2019, there were no loans outstanding under this agreement.

The Authority also has entered into the following revolving credit agreements for the purpose of funding working capital expenses or capital expenditures of the Authority: (a) Revolving Credit Agreement dated as of September 22, 2015 with Barclays Bank PLC (the "Barclays Credit Agreement"); and (b) Revolving Credit Agreement dated as of August 1, 2017 with JPMorgan Chase Bank, National Association (the "JPMorgan Credit Agreement"). In addition, the Authority has entered into a Revolving Credit Agreement dated as of July 27, 2017 with TD Bank, N.A. (the "TD Bank Credit Agreement" and together with the Barclays Credit Agreement and the JPMorgan Credit Agreement, the "Revolving Credit Agreements") to be used by the Authority for general corporate purposes. The Revolving Credit Agreements provide the Authority with borrowing capacity in an aggregate amount of $650,000,000. The Barclays Credit Agreement allows the Authority to borrow up to $200,000,000 and expires on November 26, 2020. The JPMorgan Credit Agreement allows the Authority to borrow up to $250,000,000 and expires on August 7, 2020. The TD Bank Credit Agreement allows the Authority to borrow up to $200,000,000 and expires on June 30, 2021. As of September 30, 2019, there was $61,883,000 in loans outstanding under the Revolving Credit Agreements.

Barclays Bank PLC, JPMorgan Chase Bank, National Association ("JPMorgan"), Bank of America, N.A. and TD Bank, N.A. ("TD") are collectively referred to herein as the "Banks."

In May 2018, the Authority received a reservation of rights letter from each of the Banks following the Authority's mandatory disclosure of the filing of Jessica S. Cook et al. v. Santee Cooper, Santee Cooper's Board of Directors (certain former and current Directors named), SCE&G, SCANA Corporation, SCANA Services, Inc., Palmetto Elec. Coop., & Central Electric Power Coop., in which the Authority is a named defendant. The reservation of rights letters reserve the right of the Banks to exercise any rights and remedies they may have as a result of the pendency of this litigation. See "LITIGATION – Nuclear Litigation" for a description of the subject litigation. Although such letters, in and of themselves, do not affect the Authority's ability to borrow funds under CP Reimbursement Agreement or the Revolving Credit Agreements, JPMorgan and TD have indicated an unwillingness to continue to advance loans while the *Cook* litigation is pending.

The Authority's obligation to repay loans advanced under the CP Reimbursement Agreement and the Revolving Credit Agreements is secured *pari passu* by a lien upon and pledge of Revenues which is junior to the lien and pledge securing the Revenue Obligations.

Capital Improvement and Nuclear Debt Reduction Financing Plans

Based on current projections, the Authority anticipates a capital improvement program, as described in more detail under "CAPITAL IMPROVEMENT PROGRAM AND BUSINESS PLAN" herein, requiring approximately $805 million in capital expenditures between 2020 and 2022. The cost of this capital improvement program will be funded from Revenues of the Authority, the proceeds of additional Revenue Obligations, and other subordinated indebtedness (including Commercial Paper Notes), as will be determined by the Authority. Based on current projections, the Authority anticipates issuing approximately $470 million of debt in 2020 through 2022 to fund the projects and expenditures in the capital improvement program.

Of the approximately $4,204,970,300 of indebtedness issued by the Authority to finance Summer Nuclear Units 2 and 3, $3,966,182,700 was outstanding at September 30, 2019 and $335,682,000 was prepaid on October 16, 2019 using available cash of the Authority. Of the remaining outstanding indebtedness, the Authority also intends to prepay approximately $150 million in 2020 using additional available cash and coal pile inventory reductions and approximately $400 million using the proceeds from the anticipated sale of the assets comprising Summer Nuclear Units 2 and 3. In addition, the Authority previously used a portion of the payment received under the Toshiba Settlement Agreement (hereinafter defined) in the amount of $521 million to pay indebtedness incurred by the Authority for various capital projects including Summer Nuclear Units 2 and 3. See "SUMMER NUCLEAR UNITS 2 and 3 – Timeline of Events Relative to Summer Nuclear Units 2 and 3" herein.

The capital improvement and nuclear debt reduction financing plans are subject to a decision by the General Assembly to sell some or all of the Authority, accept a management plan to improve the efficiency and cost-effectiveness of the Authority, or to accept the Authority's reform and restructuring proposal. The General Assembly's decision is expected in early 2020. See "THE AUTHORITY - Joint Resolution of the General Assembly" herein.

THE AUTHORITY

General

The Authority is a body corporate and politic created by the Act, to produce, distribute and sell electric power and to acquire, treat, transmit, distribute and sell water at wholesale within the counties of Berkeley, Calhoun, Charleston, Clarendon, Colleton, Dorchester, Orangeburg and Sumter, South Carolina. The Authority also owns and operates the Lake Moultrie Regional Water System and the Lake Marion Regional Water System. Under current State law and by contract, each of the regional water systems is required to be self-supporting. The Authority began electric power operations in 1942. The Lake Moultrie Regional Water System began commercial operation in October 1994 and the Lake Marion Regional Water System began commercial operation in May 2008.

Joint Resolution of the General Assembly

On May 21, 2019, the State's General Assembly passed, and on May 22, 2019, the Governor signed into law Act 95 of 2019 ("Act 95"), a Joint Resolution requiring the DOA to establish a process: (a) to conduct a competitive bidding solicitation for the sale of some or all of the Authority; (b) to receive management proposals that do not involve a sale of the Authority, but are designed to improve the efficiency and cost-effectiveness of the Authority's electric operations; and (c) for the Authority to submit a proposal to the DOA for reform, restructuring, and changes in its operation as an alternative to a sale or management proposal (the "Act 95 Process").

Under Act 95, the Authority is directed to provide resources necessary to assist in the process for competitive bids and management proposals. To that end, the DOA is authorized to consult with the Authority's bondholders, underwriters, financial institutions, and any other advisors, and the Authority must cooperate in providing the DOA with access to such parties, in order for the DOA to carry out its responsibilities under Act 95. See "REGULATORY MATTERS – Legislative Matters" herein.

Competitive Bids for the Sale of the Authority. The DOA's evaluation of the bids for the sale of the Authority must take into account certain factors including: (a) the financial capability of each bidder; (b) the bidder's plan to address the Authority's Bonds and other indebtedness, including the satisfaction of existing debt and issuance of new bonds and other indebtedness, the financial impact of such plans on the Authority's customers and the bidder's projected capital-to-debt ratio; (c) the purchase price for the Authority; (d) a projection of rates and revenue requirements for the Authority's retail customers over the next twenty years; and (e) the bidder's plans for generation, power purchases, and other resources and transmission investment over the next twenty years. In particular, the DOA is required to confirm that each bidder's projected ratebase for the Authority's retail customers excludes any portion of debt attributed to Summer Nuclear Generating Station Units 2 and 3 ("Summer Nuclear Unit 2" and "Summer Nuclear Unit 3" and together "Summer Nuclear Units 2 and 3") that is not considered to be used and useful, as determined by professional services experts and the Office of Regulatory Staff.

Management Proposals. The DOA's evaluation of the management proposals for the Authority must take into account certain factors including: (a) the terms and conditions of the proposal, including the proposed time period; (b) the projected rates for the Authority's retail customers over the next twenty years; (c) the fees and costs to be paid by the Authority's retail customers for the management proposal; (d) the projected needs for generation, transmission, and distribution during the period of the proposal; (e) opinion letters to the effect that: (i) the management proposal would not violate or alter the terms of the Authority's bonds and other indebtedness and (ii) the proposal would not impact the Authority's current tax status; and (vi) the financial capability of the entity offering the proposal. In particular, the DOA is required to compare the proposing entity's financing options for anticipated projects with the financing options currently available to the Authority.

Authority's Reform Proposal. The Authority's proposal for reform, restructuring, and changes in operation must include: (a) its plans for generation, power purchases, and other resources and transmission investment over the next twenty years; (b) its plans to address the indebtedness incurred to finance Summer Nuclear Units 2 and 3 and the projected impact to its ratepayers; and (c) the projected financial impact on the Authority's retail customers for the satisfaction of existing debt and the issuance of new bonds and other indebtedness. The DOA's evaluation of the Authority's proposal must take into account certain factors including a comparison of the Authority's rate projections with all other proposals and an assessment of the risks associated with the Authority's projections of revenue requirements and consumer rates.

In each case, the DOA is required to analyze the potential risks to the State's taxpayers, the Authority's retail customers and the Authority's bondholders, that could result from a full or partial sale of the Authority, the management proposals or the Authority's reform proposal.

Negotiations with Central. Under Act 95, each entity submitting a qualified bid or proposal, including the Authority, is required to negotiate with Central Electric Power Cooperative Inc. ("Central") to determine terms for a binding contract in the event the bid, management proposal or reform proposal is successful.

Decision-making Process. On August 16, 2019, the DOA issued an invitation to interested parties to participate in the process for submitting bids for the sale of some or all of the Authority or management proposals. Certain forecasts, models and documents related to the Authority's operations have been prepared and were made available to prospective bidders in late September 2019. The deadline for submission of final written offers to purchase some or all of the Authority, final written management proposals and the Authority's reform proposal is November 25, 2019. No later than January 15, 2020 (subject to a one-time sixty-day extension), the DOA is required to present to the Senate Finance Committee and the House of Representatives Ways and Means Committee a recommendation of one bid for sale and one management proposal considered to be in the best interests of the State, its taxpayers, and the customers of the Authority, as well as the recommendation for the Authority's proposal. The Committees are required to make a recommendation to the President of the Senate and the Speaker of the House, respectively, within thirty days of receipt of the DOA's recommendations (mid-February 2020). The General Assembly will then consider any legislation to effectuate the sale or management proposal or to implement the Authority's reform proposal. The 2020 regular session of the State's General Assembly runs from Tuesday, January 14, 2020, until Thursday, May 14, 2020, and discussions and debate related to the Authority and its future are expected throughout the 2020 legislative session.

As of September 2019, the DOA has hired expert consultants to assist it with its responsibility to conduct a competitive bid process under Act 95. These experts include its lead financial advisor Moelis & Company, its legal advisor Gibson, Dunn and Crutcher, LLP, and energy advisor Energy + Environmental Economics (E3). The DOA's competitive

bid process is intended to be confidential until the DOA issues its report to the South Carolina General Assembly on January 15, 2020.

The Act 95 Process is currently underway and therefore, no assurance can be given as to the substance of the DOA's recommendations to the General Assembly, or the General Assembly's final decision as to the Authority's future based on such recommendations. It is unknown at this time how a decision to sell all or a portion of the Authority or accept a management proposal for the Authority would affect the Authority's operations, financial condition or future plans.

Governance

The Act contains provisions governing the composition, qualifications, appointment and duties of the Board. The Governor appoints the members of the Board, and the State Regulation of Public Utilities Review Committee ("PURC") screens appointees to determine whether they have the qualifications required by the Act. After successful screening, appointees must be confirmed by the State Senate. The Act describes the duties of directors and sets forth conditions by which a director may be held accountable for his actions or inactions as a director.

The Board consists of twelve members who reside in South Carolina as follows: one from each congressional district of the State; one from each of the counties of Berkeley, Horry and Georgetown who reside in the territory of the Authority and are customers of the Authority and two from the State at large, one of whom shall be chairman. Two of the directors must have substantial work experience within the operations of electric cooperatives or substantial experience on an electric cooperative board but must not serve as an employee or board member of an electric cooperative during their term as director of the Authority. One of the two must have substantial experience within the operations or board of a transmission or generation cooperative.

Directors serve for a term of seven years and may continue to serve until a successor has been appointed and found qualified. Directors appointed to fill a vacancy on the Board serve for the unexpired portion of the term and until a successor is appointed and found qualified. An individual appointed and found qualified by the PURC while the State Senate is not in session may serve as a director in an interim capacity. Directors may be removed from office only for cause. Currently, two of the Authority's Board seats are vacant. Three board seats expired this year, and appointments have been made for three of the five vacant or expiring seats. Confirmation by the Senate of these appointments is pending.

The Act establishes an Advisory Board composed of the following officials of the State: the Governor, the Attorney General, the State Treasurer, the Comptroller General and the Secretary of State. The Advisory Board approves the hiring of the external auditors and sets the salary of the Board.

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Present directors are listed below:

Name	Business	Residence	Term Expires May	District
Chairman – Vacant[1]			2025	At Large
Dan J. Ray, First Vice Chairman	Business Executive	Georgetown	2022	Georgetown County
David F. Singleton, Second Vice Chairman	Business Executive	Myrtle Beach	2023	Horry County
Kristofer D. Clark[2]	Business Executive	Easley	2019	3rd District
Merrell W. Floyd[3]	Retired Business Executive	Conway	2019	7th District
Stephen H. Mudge[4]	Business Executive	Clemson	2019	At Large
William A. Finn	Business Executive	Mt. Pleasant	2020	1st District
J. Calhoun Land IV	Attorney	Manning	2020	6th District
Peggy H. Pinnell	Business Executive	Moncks Corner	2021	Berkeley County
Barry D. Wynn	Business Executive	Spartanburg	2021	4th District
Charles H. Leaird	Retired Business Executive	Sumter	2023	5th District
Vacant[5]			2022	2nd District

(1) Interim Chairman Charles M. Condon resigned from the Board on May 8, 2019. In the absence of a Chairman, the First Vice Chairman performs the duties of that office.
(2) Director Clark's term expired on May 19, 2019. Stephen H. Mudge was appointed to replace Director Clark as the director for the 3rd Congressional District but has not yet been screened and confirmed for this seat.
(3) Director Floyd's term expired on May 19, 2019.
(4) Director Mudge's term expired on May 19, 2019. A successor has been appointed for Director Mudge's at large seat but has not been screened or confirmed.
(5) There is a vacancy on the Board for the 2nd Congressional District. Jack F. Wolfe resigned from the Board on June 27, 2018. A successor has been appointed but has not been screened or confirmed.

Executive Staff

The President and Chief Executive Officer of the Authority is appointed by the Board. The Authority's executive staff is appointed by the President and Chief Executive Officer with the approval of the Board.

The Authority executive staff is:

Name	Position	Utility Experience
Mark B. Bonsall	President and Chief Executive Officer	40 years+
Charles B. Duckworth	Deputy Chief Executive Officer and Chief of Planning	40 years+
Marc R. Tye	Executive Vice President and Chief Operating Officer	37 years
Pamela J. Williams	Senior Vice President and Chief Financial Officer	18 years
J. Michael Baxley, Sr.	Senior Vice President and General Counsel	5 years
Kenneth W. Lott	Vice President, Human Resource Management and Corporate Secretary	21 years

Mark B. Bonsall became President and Chief Executive Officer on July 9, 2019. Prior to joining the Authority, he served as Chief Executive Officer of the Salt River Project, a large public power utility located in Arizona, from 2011 to 2018. He has over 40 years of experience in the public power utility business, including serving as Associate General Manager, Assistant General Manager for Finance, Information Systems and Planning, Treasurer, Assistant Treasurer for Financial Planning and Cash Management, Financial Analyst and Resource Planning Analyst, all for the Salt River Project. He has a Bachelor of Science degree in engineering from Arizona State University and a Masters in Business Administration from the University of Pennsylvania.

Charlie B. Duckworth became Deputy CEO and Chief of Planning on July 9, 2019. Prior to joining the Authority, he served as Chief Strategy, Resource Planning and Acquisitions Executive at the Salt River Project, a large public power utility in Arizona. He has over 40 years of experience in the public power utility business, including serving as Senior Director of Energy Management and Information, Director of Planning, Director of Planning and New West Energy, Manager of Water Customer Service and Resource Planning, Manager of Strategic Planning, Manager of Research and Development, Supervisor of Generation Planning Division and as an Engineer and Senior Analyst, all for the Salt River

Project. He received a Bachelor of Science degree in electrical engineering from Northern Arizona University and a Masters in Business Administration from Arizona State University.

Marc R. Tye joined the Authority in 1984 as an engineer. Since that time, he has held various positions, including Manager of Corporate Analysis & Pricing, Manager of Wholesale Markets, Senior Vice President of Customer Service, and Executive Vice President, Competitive Markets and Generation. On October 6, 2017, he became Executive Vice President and Chief Operating Officer. He received a Bachelor of Science degree in Electrical Engineering and a Masters in Business Administration from The Citadel. Although the Authority awaits confirmation of such decision, Mr. Tye has expressed his intention to retire by the end of 2019.

Pamela J. Williams became Senior Vice President and Chief Financial Officer, on April 6, 2019. She joined the Authority in 2001 as Associate General Counsel for Corporate Affairs. In 2006, she took on the additional duties of corporate secretary. She moved to Vice President, Administration in 2011 and Senior Vice President, Corporate Services on May 1, 2014. Prior to joining the Authority, she served as corporate counsel for The Clorox Company. She received a Bachelor of Science degree in Economics from the College of Charleston and a Juris Doctor degree from the University of Virginia School of Law.

J. Michael Baxley, Sr. joined the Authority in April 2014 as Senior Vice President and General Counsel and a member of the executive management team. He practiced law in private practice from 1982 to 2000 and served as a judge of the South Carolina Circuit Court from 2000 to April 2014. He also served as a member of the South Carolina House of Representatives from 1987 to 1998. He received a Bachelor of Arts degree in Political Science from Clemson University and a Juris Doctor degree with honors from the University of South Carolina School of Law.

Kenneth W. Lott joined the Authority in 1998 as an internal auditor. Since that time, he has held several leadership positions, including Manager of Training and Development, Manager of Employee Relations, General Auditor and Vice President and Treasurer. In March 2017, he was asked to serve as interim Vice President, Human Resource Management and on March 19, 2018 the Board removed the interim status of this assignment. He is a Certified Public Accountant and Certified Internal Auditor. He received a Bachelor of Science degree in Business from The Citadel and a Masters of Business Administration degree from Charleston Southern University. On October 31, 2019, Mr. Lott took on the additional duties of Corporate Secretary for the Authority.

Staff

The Authority had 1,653 employees as of December 31, 2018. Authority employees are members of a contributory State pension plan administered by the South Carolina Public Employee Benefit Authority ("PEBA"). As of December 31, 2018, the Authority's net pension liability under the plan was $338.1 million. For a further description of the pension plan, including funding status, see APPENDIX A – "REPORT OF THE AUTHORITY'S FINANCIAL STATEMENTS - Note 11 - Retirement Plans."

The Authority also participates in an agent multiple-employer defined benefit healthcare plan whereby PEBA provides other postemployment benefits ("OPEB") consisting of certain health and life insurance for eligible retired employees of the Authority. As of December 31, 2018, the Authority's net pension liability under the OPEB plan was $338.1 million. For a further description of the OPEB plan, including funding status, see APPENDIX A – "REPORT OF THE AUTHORITY'S FINANCIAL STATEMENTS - Note 12 – Other Postemployment Benefits (OPEB)."

The Authority's employees do not participate in any unions and the Authority believes that its labor relations are good.

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FINANCIAL INFORMATION

Historical Operating Results

A summary of the Authority's revenues available for debt service, lease payments and other purposes and debt service coverage ratios for years ending December 31, 2014 through 2018 is set forth below:

	Fiscal Year Ending December 31 (Dollars in Thousands)				
	2018	2017	2016	2015	2014
Operating Revenues	$1,806,620	$1,756,983	$1,745,657	$1,879,553	$1,997,347
Other Income	11,103	12,403	13,001	9,207	29,023
Total	1,817,723	1,769,386	1,758,658	1,888,760	2,026,370
Operating Expenses	1,213,111	1,176,077	1,197,938	1,326,449	1,445,481
Revenues Available for Debt Service, Lease Payments and Other Purposes	604,612	593,309	560,720	562,311	580,889
Debt Service on Revenue Obligations (1)	391,219	392,704	360,469	387,066	377,620
Balance Available for Lease Payments and Other Purposes	213,393	200,605	200,251	175,245	203,269
Debt Service on Lease Payments (2)	0	0	0	0	220
Balance Available for Other Purposes	$ 213,393	$ 200,605	$ 200,251	$ 175,245	$ 203,049
Debt Service Coverage (3):					
Revenue Obligations and Lease Payments	1.54x	1.51x	1.55x	1.45x	1.53x

(1) The Revenue Obligation Resolution provides for debt service of Revenue Obligations to be paid from Revenues prior to payments for operating and maintenance expenses. See "SECURITY FOR THE 2019A BONDS - Rate Covenant."
(2) This category of debt was no longer outstanding as of November 26, 2014.
(3) Calculation of coverage excludes debt service on Commercial Paper Notes and is prior to the distribution to the State.

For further information, see APPENDIX A – "REPORT OF THE AUTHORITY'S FINANCIAL STATEMENTS."

Debt. As of September 30, 2019, the Authority had approximately $7.2 billion[4] of outstanding indebtedness consisting of: (i) $6,998,570,000 in aggregate principal amount of Revenue Obligations under the Revenue Obligation Resolution; (ii) $164,253,000 million aggregate principal amount of Commercial Paper Notes under the Note Resolution; and (iii) $61,883,000 million in loans outstanding under the Revolving Credit Agreements. For additional details on the Authority's outstanding indebtedness and its Bank facilities, please see "OUTSTANDING INDEBTEDNESS AND FUTURE FINANCING AND DEBT REDUCTION PLAN - Outstanding Indebtedness". As of September 30, 2019, the Authority's variable rate debt totaled $226.1 million (consisting of the Commercial Paper Notes and the loans under the Revolving Credit Agreements), representing 3% of the Authority's outstanding indebtedness. The Authority has no interest rate swaps.

Of the $4,204,970,300 of indebtedness incurred by the Authority to finance Summer Nuclear Units 2 and 3, $3,966,182,700 is outstanding at September 30, 2019 and $335,682,000 was prepaid on October 16, 2019 using available cash of the Authority.

Liquidity. The Authority's liquidity consists of its funds on hand and funds in various unrestricted reserves. As of September 30, 2019, the Authority had $805 million of available cash and unrestricted reserves that can be used to meet unexpected costs. In addition, the Authority has $35.7 million of unused Commercial Paper Note capacity under the Note Resolution and $588.1 million of unused loan capacity under the Revolving Credit Agreements. Approximately 75% of the Authority's costs are subject to automatic rate adjustments on a monthly basis requiring no action by management or the Board, which partially mitigates the Authority's need for liquidity. See "RATES AND RATE COMPARISON - Authorization." Pursuant to the CP Reimbursement Agreement and the Revolving Credit Agreements, the Authority has received reservation of rights letters from each of the Banks reserving their rights to exercise any rights and remedies they may have as a result of the pendency of Jessica S. Cook et al. v. Santee Cooper, Santee Cooper's Board of Directors (certain former and current Directors named), SCE&G, SCANA Corporation, SCANA Services, Inc., Palmetto Elec.

(4) Includes: (i) $360,055,900 in Revenue Obligations prepaid on October 16, 2019 using available cash of the Authority and (ii) the Refunded Bonds, which are scheduled to be redeemed on January 1, 2020 using the proceeds of the 2019A Bonds. See "REFUNDING PLAN" and "OUTSTANDING INDEBTEDNESS AND FUTURE FINANCING AND DEBT REDUCTION PLAN - Capital Improvement and Nuclear Debt Reduction Financing Plans" herein.

Coop., & Central Electric. Power Coop., in which the Authority is a named defendant. See "LITIGATION – Nuclear Litigation" for a description of the subject litigation.

Management's Comments on Selected Financial Information

The following table sets forth selected financial information of the Authority for years 2018 and 2017.

Calendar Year 2018 Versus 2017

	Year			
	2018	2017	Variance	
	(Audited) (Dollars in Thousands)			%
Operating:				
Operating revenues	$ 1,806,620	$ 1,756,983	$ 49,637	3
Operating expenses	1,400,061	1,357,171	42,890	3
Operating income	406,559	399,812	6,747	2
Non-operating revenues (expenses):				
Interest charges	(365,805)	(260,909)	104,896	40
Costs to be recovered from future revenue (expense)	(4,286)	(4,339)	(53)	(1)
Other non-operating revenues (expenses)	157,185	(25,882)	183,067	707
Income before transfers	193,653	108,682	84,971	78
Capital contributions and transfers	(17,397)	(17,751)	(354)	(2)
Change in net position	176,256	90,931	85,325	94
Total net position - beginning	2,121,267	2,030,336	90,931	4
Total net position - ending	$ 2,297,523	$ 2,121,267	$ 176,256	8

Operating revenues increased by $49.6 million or 3% in calendar year 2018, primarily due to higher energy sales (4%) largely resulting from colder weather in January 2018 due to winter storm Grayson. Also contributing to the increase in operating revenues were higher wholesale demand and fuel rates. Somewhat offsetting these increases were lower rates from the Central cost of service largely due to higher usage and lower overall non-fuel operating and maintenance costs. Energy sales for 2018 totaled approximately 23.7 million megawatt hours ("MWhs") as compared to approximately 22.8 million MWhs for 2017.

Operating expenses increased by $42.9 million or 3% in calendar year 2018. Fuel and purchased power expenses increased by $32.8 million due to higher kilowatt hours ("kWh") sales, higher natural gas prices and a shift in generation mix. Also contributing to the increase in operating expenses were other generation costs of $14.4 million from: (i) contract services primarily from charges by Fluor Corporation ("Fluor") to maintain Summer Nuclear Units 2 and 3, (ii) a higher number of outages than in 2017; (iii) higher labor costs due to the absorption of employees from Summer Nuclear Units 2 and 3; and (iv) a prior year Department of Energy ("DOE") reimbursement for spent fuel movement. Somewhat offsetting these increases were lower sales promotion expenses of $6.7 million resulting from a higher accrual of the Economic Development Investment Fund and Site Readiness Funds in the prior year.

Operating income increased by $6.7 million as a result of the above variances.

Interest charges increased by $104.9 million or 40% due to the cessation in 2017 of capitalized interest associated with the suspension of Summer Nuclear Units 2 and 3.

Costs to be recovered from future revenue ("CTBR") expense decreased by $53,000 due primarily to the change in the Revenue Obligation, 2016 Series M1 put principal for 2018 compared to 2017.[1]

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[1] Costs to be Recovered from Future Revenues (CTBR) is a term used by public utilities to describe the difference between the cost of assets included in expenses on the reinvested earnings statement (depreciation expense) and the cost of the assets recovered through rates (principal payments on debt used to purchase or construct assets). The assumption is that if an asset is purchased with debt, the total depreciation expense over the life of the asset will equal the total principal amounts over the life of the debt. However, the depreciation expense and principal payment amounts will differ each year. This difference between the two is recorded as an increase/decrease in expense so that the net income will reflect the rate base. Since a standard rule of accounting is to match revenues and expenses, CTBR is a means of providing compliance with the regulatory accounting rule GASB 62.

Other non-operating revenues increased by $183.1 million mainly from the amortization of regulatory inflows to align with the use of the funds from the Toshiba Settlement Agreement to fund debt defeasance and capital expenditures. See "SUMMER NUCLEAR UNITS 2 AND 3 – Sale of Summer Nuclear Units 2 and 3 Assets - *Accounting Treatment for Nuclear Asset Impairment, Post-Project Suspension Capitalized Interest and Toshiba Settlement Agreement*" herein.

The $354,000 variance in Capital contributions and transfers represents a decrease in dollars paid to the State. This payment is based on a percentage of total budgeted revenues which were lower in the 2018 budget compared to the 2017 budget.

The change in net position totaled $176.3 million, a $85.3 million or 94% increase.

As a result of the variances noted above, total net position was approximately $2.3 billion, a $176.3 million increase.

The Six Months Ended June 30, 2019 Versus June 30, 2018

	Six Months Ended June 30,			
	2019	2018	Variance	
	(Unaudited) (Dollars in Thousands)			%
Operating:				
Operating revenues	$ 828,884	$ 894,298	$ (65,414)	(7)
Operating expenses	616,135	689,732	(73,597)	(11)
Operating income	212,749	204,566	8,183	4
Non-operating revenues (expenses):				
Interest charges	(169,384)	(176,903)	(7,519)	(4)
Costs to be recovered from future revenue (expense)	5,512	(1,038)	6,550	631
Other non-operating revenues (expenses)	44,732	64,430	(19,698)	(31)
Income before transfers	93,609	91,055	2,554	3
Capital contributions and transfers	(8,980)	(9,066)	(86)	(1)
Change in net position	84,629	81,989	2,640	3
Total net position - beginning	2,297,523	2,121,268	176,255	8
Total net position - ending	$2,382,152	$2,203,257	$ 178,895	8

Operating revenues for the six months ended June 30, 2019 totaled approximately $828.9 million, a $65.4 million or 7% decrease. The primary drivers for the decrease in 2019 versus 2018 were 3% lower energy sales resulting from colder weather in January 2018 due to winter storm Grayson. Lower fuel rate revenues also contributed to the reduction in overall revenues, but were slightly offset by the impact of the Central cost of service adjustments in 2018 and 2019.

Operating expenses decreased by $73.6 million or 11%. Fuel and purchased power expenses were lower by $75.8 million due to lower kWh sales, a shift in generation mix, and lower commodity prices. There were decreases of $2.9 million for administrative and general expenses from labor, benefits, contract services, and materials. Offsetting these reductions was an increase in non-fuel generation of $4.2 million due to contract services and materials. The net change in other expense categories was an increase of approximately $900,000.

As a result of the above variances, operating income increased $8.2 million or 4%. Interest charges decreased by $7.5 million resulting from the defeasance of bonds in 2018.

CTBR revenue increased by $6.6 million due to higher depreciation in 2019 compared to 2018 for CTBR assets.

Other non-operating revenues decreased approximately $19.7 million primarily due to recognizing a lower amortization in the current year aligning with the use of funds received under the Toshiba Settlement Agreement. See "SUMMER NUCLEAR UNITS 2 AND 3 – Sale of Summer Nuclear Units 2 and 3 Assets - *Accounting Treatment for Nuclear Asset Impairment, Post-Project Suspension Capitalized Interest and Toshiba Settlement Agreement*" herein.

The $86,000 variance in Capital contributions and transfers represents a decrease in dollars paid to the State. This payment is based on a percentage of total budgeted revenues which were lower in the 2019 budget compared to 2018.

The change in net position was $84.6 million, a $2.6 million increase.

As a result of the above variances, net position totaled approximately $2.4 billion, a $178.9 million increase.

The Six Months Ended June 30, 2019 Compared to Budget for the Same Period

	Actual	Budget	Variance	
	(Unaudited) (Dollars in Thousands)			%
Operating:				
Operating revenues	$ 828,884	$ 851,159	$ (22,275)	(3)
Operating expenses	616,135	667,731	(51,596)	(8)
Operating income	212,749	183,428	29,321	16
Non-operating revenues (expenses):				
Interest charges	(169,384)	(171,000)	(1,616)	(1)
Costs to be recovered from future revenue (expense)	5,512	1,464	(4,048)	277
Other non-operating revenues (expenses)	44,732	43,533	1,199	3
Income before transfers	93,609	57,425	36,184	63
Capital contributions and transfers	(8,980)	(8,514)	466	5
Change in net position	$ 84,629	$ 48,911	$ 35,718	73

Operating revenues for the six months ended June 30, 2019 were lower than budgeted by $22.3 million primarily due to lower than expected energy sales and demand rates. These decreases were offset by the Central cost of service adjustment.

Operating expenses were lower than projected by $51.6 million primarily due to underruns in: (a) fuel and purchased power ($26.3 million) due to lower than expected energy sales, lower commodity prices, and a shift in generation mix; (b) non-fuel generation ($10.3 million) from labor, materials, and contract services; (c) transmission ($2.9 million) from labor, contract services, and wheeling; (d) sales promotion ($2.8 million) from timing differences between actual and budget for Site Readiness and Economic Development grants; (e) administrative and general expenses ($6.1 million) resulting from legal reimbursements and insurance; and (f) depreciation ($900,000).

Operating income was $29.3 million or 16% higher than budgeted due to the above variances.

Interest charges were lower than budgeted by $1.6 million due to a lower actual interest rate for commercial paper compared to budget.

CTBR revenue was higher than budgeted by $4.0 million resulting from the change in net depreciation and amortization for actual depreciation not reflected in budget.

Other non-operating revenue was $1.2 million higher than projected due mainly to the fair value of investments for which there is no budget, partially offset by lower than projected interest income.

Capital contributions and transfers were $466,000 higher than budgeted due to timing differences. The actual amount represents a percentage of the last six months of budgeted revenues for 2018, while the budget includes a percentage of the first six months of budgeted revenues for 2019.

As a result of the variances noted above, the change in net position was $35.7 million higher than budgeted.

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Combined Statements of Net Position - Periods Ended June 30, 2019 and December 31, 2018

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
	(Dollars in Thousands)	
ASSETS		
Current assets		
Unrestricted cash and cash equivalents	$ 242,155	$ 475,601
Unrestricted investments	514,904	474,269
Restricted cash and cash equivalents	23,626	53,600
Restricted investments	79,665	18,666
Receivables, net of allowance for doubtful accounts	233,495	225,636
Other current assets	494,941	478,566
Total current assets	$ 1,588,786	$ 1,726,338
Noncurrent assets		
Restricted cash and cash equivalents	$ 318	$ 5,247
Restricted investments	143,294	130,714
Utility plant	9,098,037	8,990,035
Accumulated depreciation	(3,998,580)	(3,933,151)
Investment in associated companies	7,410	7,162
Costs to be recovered from future revenue	231,102	225,590
Regulatory asset - asset retirement obligation	705,561	710,326
Regulatory assets - OPEB	153,235	153,235
Regulatory assets - nuclear	4,209,914	4,220,920
Other noncurrent and regulatory assets	169,697	189,465
Total noncurrent assets	$10,719,988	$10,699,543
Total assets	$12,308,774	$12,425,881
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension	$ 41,859	$ 41,859
Deferred outflows - OPEB	23,175	23,175
Accumulated decrease in fair value of hedging derivatives	43,563	39,440
Unamortized loss on refunded and defeased debt	128,755	134,937
Total deferred outflows of resources	$ 237,352	$ 239,411
Total assets & deferred outflows of resources	$12,546,126	$12,665,292
LIABILITIES		
Long-term debt - net	$ 7,309,629	$ 7,355,557
Current liabilities	587,405	700,887
Noncurrent and other liabilities	1,344,209	1,345,046
Total liabilities	$ 9,241,243	$ 9,401,490
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension	$ 16,740	$ 16,740
Deferred inflows - OPEB	249	249
Accumulated increase in fair value of hedging derivatives	2,407	1,414
Nuclear decommissioning costs	228,697	215,551
Deferred inflows - Toshiba settlement	674,638	732,325
Total deferred inflows of resources	$ 922,731	$ 966,279
NET POSITION		
Net investment in capital assets	$ 1,985,809	$ 1,955,185
Restricted for debt service	39,621	7,322
Restricted for capital projects	143	280
Unrestricted	356,579	334,736
Total net position	$ 2,382,152	$ 2,297,523
Total liabilities, deferred inflows of resources & net position	$12,546,126	$12,665,292

See APPENDIX D - "CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION" for a description of certain financial, demographic and economic information affecting the Authority's operations.

CUSTOMER BASE

Service Area

The Authority's primary business operation is the production, transmission and distribution of electrical energy, both at wholesale and retail, to citizens of the State. The Authority is one of the nation's largest municipal wholesale utilities, whose System serves directly or indirectly approximately two million South Carolinians in all 46 counties of the State. The Authority serves directly and indirectly suburban areas outside Charleston, Columbia, Greenville and Spartanburg as well as the coastal areas of Myrtle Beach and the Grand Strand, Hilton Head Island, Kiawah Island and Seabrook Island. In 2018, the Authority's kWh energy sales were comprised of 64.4% to wholesale customers, 18.8% to large industrial customers and 16.8% to residential, commercial and other customers. See "HISTORICAL SALES – Historical Demand, Sales and Revenues."

Under State law, the Authority has an exclusive right to serve within its assigned retail service territory, and it has the exclusive right to continue to serve the large industrial premises outside its assigned service territory that it is currently serving. If any customers, premises, or electric cooperatives located outside the present service area of the Authority and being served by the Authority, including any subsequent expansions or additions by such customers, premises, or cooperatives, cease or discontinue accepting electrical service from the Authority, the Authority may subsequently sell and furnish electrical service to new customers, premises, or electric cooperatives from its major transmission lines in an amount not exceeding the amount of power the sale of which was lost by reason of such discontinuation of service.

The Authority's direct customers currently include 26 large industrial customers, Central, and two municipal electric systems, the City of Georgetown and the City of Bamberg. Central is an association of 20 electric distribution cooperatives, including the five electric distribution cooperatives that were formerly members of Saluda River Electric Cooperative, Inc. ("Saluda"). Central serves primarily residential, commercial and small industrial customers in all 46 counties of the State. Through Central and the two municipal electric systems, the Authority indirectly serves approximately 813,000 customers. See "CUSTOMER BASE - Wholesale Customers - *Central*" and "CUSTOMER BASE - Wholesale Customers - *Other*."

The Authority also serves directly approximately 185,000 residential, commercial and small industrial retail customers in its assigned retail service territory, which includes parts of Berkeley, Georgetown and Horry counties. See "CUSTOMER BASE - Retail Customers."

Wholesale Customers

Central. Central is a generation and transmission cooperative that provides wholesale electric service to each of the 20 distribution cooperatives listed below (the "Central Cooperatives") which are members of Central pursuant to long-term all requirements power supply agreements. The Central Cooperatives serve areas ranging from sparsely populated rural areas to heavily populated suburban areas. The table below lists each of the Central Cooperatives, the location of their headquarters, and the number of customers for each of the past three calendar years.

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Central Cooperatives	Headquarters	2016 Customers	2017 Customers	2018 Customers
Aiken Electric Cooperative, Inc.	Aiken	46,843	47,288	47,759
Berkeley Electric Cooperative, Inc.	Moncks Corner	94,158	98,304	101,736
Black River Electric Cooperative, Inc.	Sumter	32,041	32,230	32,483
Blue Ridge Electric Cooperative, Inc.(1)	Pickens	65,067	65,726	66,343
Broad River Electric Cooperative, Inc.(1)	Gaffney	21,077	21,379	21,871
Coastal Electric Cooperative, Inc.	Walterboro	11,650	11,704	11,664
Edisto Electric Cooperative, Inc.	Bamberg	20,050	20,204	20,233
Fairfield Electric Cooperative, Inc.	Winnsboro	28,516	28,952	29,544
Horry Electric Cooperative, Inc.	Conway	75,984	78,127	79,747
Laurens Electric Cooperative, Inc.(1)	Laurens	56,479	57,354	58,266
Little River Electric Cooperative, Inc.(1)	Abbeville	14,139	14,219	14,264
Lynches River Electric Cooperative, Inc.	Pageland	20,864	20,941	21,126
Marlboro Electric Cooperative, Inc. (2)	Bennettsville	6,455	6,455	6,463
Mid-Carolina Electric Cooperative, Inc.	Lexington	54,983	55,787	56,551
Newberry Electric Cooperative, Inc.	Newberry	12,873	12,953	13,002
Palmetto Electric Cooperative, Inc.	Ridgeland	69,465	71,553	72,916
Pee Dee Electric Cooperative, Inc.	Darlington	30,389	30,441	30,430
Santee Electric Cooperative, Inc.	Kingstree	43,494	43,581	43,440
Tri-County Electric Cooperative, Inc.	St. Matthews	17,834	17,954	18,024
York Electric Cooperative, Inc.(1)	York	53,202	57,463	60,303

(1) Former members of Saluda ("Former Saluda Members").
(2) On October 11, 2019, Marlboro Electric Cooperative filed a lawsuit against Central in the Fifth Judicial Circuit of the State seeking to withdraw from membership in Central and terminate its commercial relationship with Central. The claim remains pending at this time.

The Authority supplies the total power and energy requirements of the Central Cooperatives less amounts which Central purchases directly from Southeastern Power Administration (the "SEPA"), amounts provided by Duke Energy Carolinas, LLC ("Duke Energy Carolinas"), a subsidiary of Duke Energy Corporation ("DEC"), as described below, and small amounts purchased from others. In 2018, revenues pursuant to the Central Agreement (as defined below) amounted to approximately 58.1% of revenues from sales.

The Authority serves Central under the terms of a coordination agreement between the Authority and Central which became effective in January 1981 (as subsequently amended or revised, the "Central Agreement") and cannot be terminated earlier than December 31, 2058. Under the Central Agreement's 10 year rolling notice provision, for a termination date of December 31, 2058, a party must give notice of termination no later than December 31, 2048. Central has entered into all-requirements agreements with the Central Cooperatives that extend through December 31, 2058 and such agreements obligate those members to pay their share of Central's costs, including costs paid under the Central Agreement.

Rates under the Central Agreement continue to be developed under a cost of service methodology and are adjusted automatically on a monthly basis to reflect actual fuel cost and on an annual basis to reflect actual non-fuel cost, including O&M, debt service and a Capital Improvement Fund charge. Modifications to the cost of service methodology include allocating debt service and Capital Improvement Fund charges to the cost categories based on plant balances and allocating production related costs in a manner that reflects the nature of the generating resources.

In September 2009, Central and the Authority entered into an agreement (the "September 2009 Agreement") that allowed Central to transition the purchase of that portion of the power and energy requirements of the five Former Saluda Members (approximately 900 megawatts ("MW")) (the "Upstate Load") directly connected to the transmission system of Duke Energy Carolinas to DEC. The transitioning of the Upstate Load to DEC began in 2013 and was completed on January 1, 2019. Nothing precludes the Authority from serving the Upstate Load when the September 2009 Agreement expires on December 31, 2030. See APPENDIX A – "REPORT OF THE AUTHORITY'S FINANCIAL STATEMENTS - Note 9 - Contracts With Electric Power Cooperatives."

The Central Agreement was revised in May of 2013 (the "May 2013 Revision") to formalize the resource planning process, including outlining how the parties will jointly plan and determine the need for new resources. In accordance with the May 2013 Revision, Central is able to decide whether or not to participate in major new resources

which were not completed or under construction as of January 1, 2013. If Central decides to participate in a resource, the costs for the new resource are included and shared under the Central Agreement. If Central decides not to participate in a proposed resource, the parties will obtain their own resources based on their pro-rata share of the proposed resource and each party will be responsible for the cost of its own non-shared resources. The May 2013 Revision was intended to provide certainty to the Authority's planning process and, with the earliest termination date deferred to December 2058, allow the Authority to align its existing and future debt service with the useful lives of its assets and its future revenue streams. The Authority and Central are currently involved in litigation relative to the suspension of construction of Summer Nuclear Units 2 and 3. See "LITIGATION – Nuclear Litigation" for a description of recent litigation filed by Central against the Authority.

Other. In addition to Central, the Authority provides wholesale electric service to the City of Georgetown, the City of Bamberg, the City of Seneca and Dominion Energy South Carolina, Inc. ("Dominion"), formerly known as South Carolina Electric & Gas ("SCE&G"), which was a subsidiary of SCANA Corporation ("SCANA"), pursuant to long-term contracts. Dominion has given notice to terminate the agreement effective May 6, 2020. New service agreements were executed in 2013 with the City of Georgetown and the City of Bamberg with terms of 10 years and 20 years, respectively. The Authority executed a service agreement to provide wholesale electric service to the City of Seneca beginning July 1, 2015 for a term of 10 years. Power generated by the Authority is being delivered to Seneca through the Authority and Blue Ridge Electric Cooperative, which has joined the contract as an additional electric provider to the City of Seneca. Sales to these customers and off-system sales to other utilities and power marketers during 2018 represented approximately 3.9% of revenues from sales.

Additionally, the Town of Waynesville, North Carolina ("Waynesville"), entered into a long-term purchase agreement with the Authority to receive wholesale electric service beginning January 1, 2017 for a term of 10 years.

The Authority has a long-term power agreement with Piedmont Municipal Power Agency ("PMPA") pursuant to which the Authority provides PMPA its supplemental electric power and energy requirements (ranging from approximately 200 MW to 300 MW) above its current resources. This agreement commenced on January 1, 2014, for a term of no less than 12 years. PMPA has notified the Authority that three member cities provided notice to PMPA to terminate their supplemental agreements with PMPA effective December 31, 2028, and PMPA has given notice that these three participants will no longer be included as member cities effective as of such date.

The Authority also has an agreement pursuant to which it provides Alabama Municipal Electric Authority with 50 MW unit-contingent capacity and associated energy (25 MW - 50 MW). This agreement commenced on January 1, 2014, for a term of 10 years, and expires December 31, 2023.

Retail Customers

The Authority owns and operates distribution facilities and serves retail customers in two non-contiguous areas covering portions of Berkeley, Georgetown and Horry Counties. These service areas include 2,967 miles of distribution lines. The following table presents retail customer growth from 2014 through 2018 in these areas.

Retail Customer Growth

Year	Residential	Commercial and Small Industrial	Total	Annual Increase %
2014	142,663	28,904	171,567	1.6
2015	145,208	28,815	174,023	1.4
2016	147,447	29,301	176,748	1.6
2017	151,044	29,614	180,658	2.2
2018	154,586	30,530	185,116	2.5

Sales to residential, commercial and small industrial customers and certain other customers are made pursuant to rate schedules established from time to time by the Authority. The vast majority of such rate schedules include monthly automatic fuel adjustment and demand sales adjustment clauses. Sales to this customer group represented approximately 24.1% of revenues from sales in 2018. See "RATES AND RATE COMPARISON - Rate Comparison."

Large Industrial and Military Contracts

The Authority offers a large power rate schedule prepared on a cost of service basis for large industrial customers which contract for a minimum of 1,000 kilowatts ("kW") for initial periods of not less than five years (Large Light & Power Rate ("Schedule L")). The provisions of Schedule L contain demand and energy recovery components and include monthly automatic fuel adjustment and demand sales adjustment clauses, minimum demand charges and other provisions generally used in large industrial power rate schedules. Of the 29 customers served under Schedule L, 27 customers are directly served by the Authority including Joint Base Charleston, and two customers are served indirectly through Central. The Authority also serves the Lake Moultrie Regional Water System under Schedule L; however, these revenues are classified as an intra-departmental sale, and are not included in the industrial sales revenue information provided below. During 2018, revenues from sales to large industrial customers averaged 5.49 cents per kWh.

The average cost per kWh varies depending upon the customer's usage and load factor. Sales to large industrial customers during 2018 were approximately $245 million and represented approximately 13.8% of revenues from sales, which includes 5.3% for Nucor Corporation ("Nucor"), and 5.7% for the next eight largest industrial customers, of which no one customer represents more than 1.4% of sales. Of the 13.8% of revenues from sales, approximately 63.8% represents fuel cost recovery.

Power Contract with Century Aluminum. The Authority executed a new contract with Century Aluminum of South Carolina, Inc. ("Century Aluminum"), formerly Alumax of South Carolina, Inc., on October 8, 2018, that became effective on January 1, 2019, and extends through December 31, 2020. Century Aluminum has been a customer of the Authority since 1977. Century Aluminum has reduced its facility capacity by 50%, and the facility currently requires a total of approximately 200 MW of power. Approximately 25% of the load is served under the Authority's firm industrial rate schedule, with the remainder served under the Authority's customer-supplied power schedule with Century providing an off-system resource for the power and the Authority transmitting the power. In addition to its standard termination provisions, the contract contains a provision that allows for early termination by Century Aluminum upon 120 days prior written notice. See "LITIGATION – *Century Aluminum Suit*" for a description of litigation filed by Century Aluminum against the Authority. The City of Goose Creek has approved a referendum scheduled for December 3, 2019 to obtain voter approval to establish a municipal electrical utility. The utility will only serve one customer, Century Aluminum.

Long-Term Power Contract with Nucor. The Authority executed a long-term power contract with Nucor which became effective on October 1, 2016 and extends through September 30, 2021, with automatic two-year rollover terms thereafter. Nucor has been a customer since 1996. Under the notice provisions of the Authority's large light and power service, Nucor may not reduce its contract demands until after September 30, 2021. The contract provides for delivery of approximately 300 MW of power, the majority of which is provided under the Authority's economy power rate schedule.

RATES AND RATE COMPARISON

Authorization

Under the Act, the Board is empowered and required to set rates as necessary to produce revenues sufficient to provide for the payment of all expenses, the conservation, operation and maintenance of its facilities and properties and the payment of its interest and principal on its bonds, notes and other obligations. There is no governmental or regulatory entity, other than the Board, having jurisdiction over the rates of the Authority. The Authority monitors its rates and management recommends adjustments as necessary based on assumptions and projections included within the most recently published financial forecast.

Requirements

Under the terms of the Revenue Obligation Resolution, the Authority is required to establish, maintain and collect rents, tolls, rates and other charges for power and energy and all other services, facilities and commodities sold, furnished, or supplied through the facilities of the System which will be adequate to provide the Authority with Revenues sufficient to pay the principal of premium, if any, and interest on its Revenue Obligations as and when the same shall become due and payable and to make when due all other payments which the Authority is obligated to make pursuant to the Revenue Obligation Resolution including all proper Operation and Maintenance Expenses and all necessary repairs, replacements and renewals and any and all amounts which the Authority is now and may hereafter become obligated to pay from the

Revenues of the System by law or contract. The Revenue Obligation Resolution also requires that, so long as any Revenue Obligations are Outstanding, the Authority may not furnish or supply electric, or other form of, energy or water furnished by the Authority or in connection with the operation of the System, free of charge to any person firm or corporation.

Rate Changes

On December 7, 2015, the Board approved a series of two base rate adjustments for its retail, industrial and municipal customers. The adjustments increased total charges for customers an average of 3.7% each year for a total increase of 7.4%. The first adjustment took effect April 1, 2016 and the second took effect on April 1, 2017. Based on current projections, the Authority does not anticipate recommending additional rate increases in the near future.

The Authority has seasonal energy charges for most rates affecting residential, commercial and industrial customers. Seasonal energy charges reflect higher charges during the summer months when higher energy costs are incurred. During 2018, revenues from sales to residential, commercial and other customers averaged 10.76 cents per kWh based on the then current rates which included fuel adjustments and credits for demand sales adjustments.

Rate Structure

The Authority has seasonal rates for the majority of its residential, commercial and industrial customers. The Authority's rate schedules also include monthly automatic fuel adjustment clauses which provide for increases or decreases to the basic rate schedules to cover increases or decreases in the cost of fuel to the extent such costs vary from a predetermined base cost. The Authority's rate schedules also include a demand sales adjustment clause which provides for increases or decreases to the basic rate schedules to reflect increases or decreases in demand revenues from non-firm sales (such as supplemental curtailable, interruptible and economy power rate schedules and riders) and off-system sales to the extent such revenues vary from predetermined amounts included as credits to firm base rates.

The Authority has developed and offers time-of-use, non-firm and off-peak rates to its direct-served commercial and industrial customers to encourage them to reduce their peak demand. As of August 31, 2019, the Authority had 650 MW of non-firm power under contract.

The Authority also offers a large power rate schedule prepared on a cost of service basis for large industrial customers which contract for a minimum of 1,000 kilowatts ("kW") for initial periods of not less than five years. See "CUSTOMER BASE – Large Industrial and Military Contracts" above.

Rates under the Central Agreement are determined in accordance with the cost of service methodology contained in the Central Agreement. Under the Central Agreement, Central initially pays for its power supply based on the Authority's projected costs and loads. The charges are then adjusted, on an annual basis, to reflect actual costs and load and Central is charged or credited the difference between the amounts paid based on projected rates and the amounts due based on actual rates. During 2018, revenues from sales to Central and other wholesale requirements customers averaged 7.25 cents per kWh. For a more detailed discussion of the terms of the agreement with Central see "CUSTOMER BASE - Wholesale Customers - *Central*" and for a description of recent litigation filed by Central against the Authority, see "LITIGATION – Nuclear Litigation" herein.

Rate Comparison

Comparisons of the Authority's average cost per kWh for firm service at selected monthly usage levels with the average cost per kWh of the three investor-owned utilities that serve the State based on rates on file with the South Carolina Public Service Commission (the "PSC") for the period of November 1, 2018 to October 31, 2019, are set forth below.

	Residential 1,000 kWh	**Commercial 5,000 kWh**	**Industrial 9,000 kW-5,000,000 kWh**
Authority	11.37¢	9.21¢	6.28¢
Duke Energy Carolinas	11.40¢	11.06¢	6.01¢
Duke Energy Progress	12.48¢	10.51¢	7.69¢
Dominion	12.67¢	11.79¢	6.83¢

HISTORICAL SALES

Historical Demand, Sales and Revenues

The following table sets forth the peak demand and firm off-system sales to other utilities on the Authority's System as well as the gigawatt hour ("GWh") sales and electric revenues of the Authority for the years 2009 through 2018.

	Peak Demand		Sales		Revenue From Sales		
	MW	Annual Increase (Decrease)	GWh	Annual Increase (Decrease)	Amount (Dollars in Thousands)	Annual Increase (Decrease)	Cents Per kWh
2009	5,612	(1.1)	25,813	(3.3)	1,683,469	7.3	6.52
2010	5,762	2.7	28,182	9.2	1,875,263	11.4	6.65
2011	5,697	(1.1)	27,552	(2.2)	1,894,847	1.0	6.88
2012	5,407	(5.1)	26,756	(2.9)	1,868,808	(1.4)	6.98
2013	5,053	(6.6)	26,364	(1.5)	1,796,672	(3.9)	6.81
2014	5,696	12.7	27,353	3.8	1,975,850	10.0	7.22
2015	5,893	3.5	26,498	(3.1)	1,857,000	(6.0)	7.01
2016[1]	4,819	(18.2)	23,700	(10.6)	1,722,179	(7.3)	7.27
2017	5,014	4.0	22,779	(3.9)	1,732,822	0.7	7.61
2018	5,228	4.3	23,717	4.1	1,781,318	2.8	7.51
Annual Compound Growth Rate (2009-2018)		(0.8)		(0.9)		0.6	

(1) Century Aluminum substantially reduced its energy requirements starting in January 2016.

The following tables set forth sales and revenues by customer class for the years 2014 through 2018.

	Sales (GWh)									
	2014		2015		2016		2017		2018	
Class of Customers		% of Total		% of Total		% of Total		% of Total		% of Total
Wholesale	16,151	59.1	15,307	57.8	15,342	64.8	14,591	64.1	15,259	64.4
Large Industrial	7,343	26.8	7,339	27.7	4,484	18.9	4,420	19.4	4,466	18.8
Residential, Commercial, Small Industrial and Other	3,859	14.1	3,852	14.5	3,874	16.3	3,768	16.5	3,992	16.8
Total	27,353	100.0	26,498	100.0	23,700	100.0	22,779	100.0	23,717	100.0

	Revenues (Dollars in Thousands)									
	2014		2015		2016		2017		2018	
Class of Customers		% of Total		% of Total		% of Total		% of Total		% of Total
Wholesale	$1,181,350	59.8	$1,121,325	60.4	$1,080,946	62.8	$1,089,472	62.8	$1,106,826	62.1
Large Industrial	399,817	20.2	354,148	19.1	234,463	13.6	235,068	13.6	245,117	13.8
Residential, Commercial, Small Industrial and Other	394,683	20.0	381,527	20.5	406,770	23.6	408,282	23.6	429,375	24.1
Total	$1,975,850	100.0	$1,857,000	100.0	$1,722,179	100.0	$1,732,822	100.0	$1,781,318	100.0

In 2018, the Authority sold approximately 23,717 GWh of energy. The Authority's energy sales were 8.1% lower than they were in 2009. Although energy sales have been relatively flat in recent years, such sales were achieved during the time when a portion of Central's load transitioned off the Authority's system under the September 2009 Agreement beginning in 2013 and ending on January 1, 2019. The aggregate amount of power transitioned off the system was approximately 900 MW of capacity. See "CUSTOMER BASE - Wholesale Customers - *Central*". In addition, Century Aluminum substantially reduced its energy requirements starting in January 2016. Prior to Century Aluminum's energy reduction, the Authority had sold approximately 26,500 GWh of energy in 2015, a 2.7% increase from 2009. See "CUSTOMER BASE - Large Industrial Contracts - *Power Contract with Century Aluminum*."

POWER SUPPLY, POWER MARKETING AND OTHER FACILITIES

Power Supply

The Authority plans for firm power supply from its own generating capacity and firm power contracts to equal its firm load, including a 15% summer reserve margin. The Authority owns generation facilities with current total summer Maximum Continuous Ratings ("MCR") of 5,110 MW and a total winter MCR of 5,338 MW. The territory peak demand for 2018 is 5,203 MW. In addition, the Authority enters into various power purchase arrangements through which the Authority purchases additional capacity and energy. In 2018, such purchases represented 8% or 470 MW of the Authority's summer power supply peak capability. See "POWER SUPPLY AND POWER MARKETING - Power Purchases" for additional information.

The electric generation, transmission and distribution facilities owned by the Authority as well as certain transmission facilities owned by Central, are operated and maintained by the Authority as a fully integrated electric system. The Authority has direct interconnections with five entities with which the Authority has long-term power contracts for energy interchange. See "POWER SUPPLY AND POWER MARKETING - Interconnections and Interchanges."

The table below details the Authority's resources classified by energy source for the summer power supply peak capability.

Source of Power Supply	(MW)	% of Total
Coal	3,500	62.7
Natural Gas and Oil	1,117	20.0
Nuclear	322	5.8
Owned Hydro Generation	142	2.5
Landfill Methane Gas	29	0.5
Total MCR	5,110	91.6
Purchases	470	8.4
Total MCR and Purchases	5,580	100.0

The Authority is currently not subject to any renewable requirements or mandates; however, the Authority supports renewable energy development in the service area. Recent renewable energy programs include a Distributed Generation Rider in which the Authority purchases excess power produced by a retail customer who installs a solar system on their home or business as well as a Community Solar program in which the Authority contracts with customers to provide them a portion of the output from an existing solar power purchase agreement. This program allows customers to participate in solar generation even if they choose not to install solar systems on their home or business. See "CAPITAL IMPROVEMENT PROGRAM AND BUSINESS PLAN – Business Forecast" herein.

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Existing Generating Facilities

The Authority's generating facilities consist of the following:

Generating Facilities	Location	Initial Date in Service	Winter MCR[1] (MW)	Summer MCR[1] (MW)	Energy Source
Jefferies Hydroelectric Generating Station	Moncks Corner	1942	140	140	Hydro[2]
Wilson Dam Generating Station	Lake Marion	1950	2	2	Hydro
Combustion Turbines Nos. 1 and 2	Myrtle Beach	1962	20	16	Oil/Gas
Combustion Turbines Nos. 3 and 4 [3]	Myrtle Beach	1972	20	19	Oil
Combustion Turbine No. 5	Myrtle Beach	1976	25	21	Oil
Combustion Turbine No. 1	Hilton Head Island	1973	20	16	Oil
Combustion Turbine No. 2	Hilton Head Island	1974	20	16	Oil
Combustion Turbine No. 3	Hilton Head Island	1979	60	52	Oil
Winyah Generating Station	Georgetown				
No. 1		1975	280	275	Coal
No. 2		1977	290	285	Coal
No. 3		1980	290	285	Coal
No. 4		1981	290	285	Coal
Summer Nuclear Unit 1[4]	Jenkinsville	1983	322[5]	322[5]	Nuclear
Cross Generating Station	Cross				
Unit 1		1995	585	580	Coal
Unit 2		1983	570	565	Coal
Unit 3		2007	610	610	Coal
Unit 4		2008	615	615	Coal
Horry Landfill Gas Station	Conway	2001	3	3	LMG[6]
Lee County Landfill Gas Station	Bishopville	2005	11	11	LMG
Richland County Landfill Gas Station	Elgin	2006	8	8	LMG
Anderson County Landfill Gas Station. .	Belton	2008	3	3	LMG
Georgetown County Landfill Gas Station	Georgetown	2010	1	1	LMG
Berkeley County Landfill Gas Station	Moncks Corner	2011	3	3	LMG
Rainey Generating Station	Starr				
Unit 1		2002	520	460	Gas
Unit 2A		2002	180	146	Gas
Unit 2B		2002	180	146	Gas
Unit 3		2004	90	75	Gas
Unit 4		2004	90	75	Gas
Unit 5		2004	90	75	Gas
Total Capability [7]			5,338	5,110	

(1) Maximum Continuous Ratings ("MCR").
(2) MCR updated after Hydro rebuilds.
(3) Myrtle Beach Combustion Turbine No. 4 is currently unavailable until further notice and is not included in totals above.
(4) Virgil C. Summer Nuclear Generating Station Unit 1.
(5) Represents the Authority's one-third ownership interest.
(6) Landfill Methane Gas ("LMG").
(7) The Authority currently owns 3.13 MW of solar generation from various sites.

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Summer Nuclear Unit 1. The Authority owns a one-third undivided interest in the Virgil C. Summer Nuclear Generating Station Unit 1 ("Summer Nuclear Unit 1"), which has a pressurized water reactor with an MCR of 966 MW net. Dominion owns the remaining two-thirds interest and operates and maintains Summer Nuclear Unit 1 on its own behalf and as the Authority's agent.

Summer Nuclear Unit 1 reached an MCR of 966 MW by the end of 1999 due to improvements including a high pressure turbine upgrade, steam bypass reductions, and a new main step-up transformer. The Authority's share of the MCR is 322 MW.

The Nuclear Regulatory Commission (the "NRC") oversees plant performance through the Reactor Oversight Process ("ROP") assessment program. The ROP assessment program collects information from inspections and performance indicators ("PIs") which the NRC uses to objectively assess a facility's safety performance. The ROP consists of three key strategic performance areas: Reactor Safety, Radiation Safety, and Safeguards. Results for inspections and PIs are classified as green, yellow, white or red, with green being the most favorable. Through the second quarter of 2019, Summer Nuclear Unit 1 is in the Licensee Response Column of the ROP Action Matrix because all inspection findings had very low (i.e., green) safety significance, and all PIs indicated that performance was within the nominal, expected range (i.e., green). As a result of being in the Licensee Response Column, NRC oversight of Summer Nuclear Unit 1 is limited to baseline inspections.

In 2004, the NRC extended the operating license for Summer Nuclear Unit 1 to August 6, 2042, which was an additional twenty years.

Under the provisions of the Nuclear Waste Policy Act of 1982, on June 29, 1983, Dominion (formerly known as SCE&G) and the Authority entered into a contract (the "Standard Contract") with the DOE for spent fuel and high level waste disposal for the operating life of Summer Nuclear Unit 1. The Nuclear Waste Policy Act and the Standard Contract required the DOE to accept and dispose of spent nuclear fuel and high-level radioactive waste beginning not later than January 31, 1998. To date, the DOE has not accepted any spent fuel from Summer Nuclear Unit 1 or any other utility and has not indicated when it anticipates doing so.

Dominion contracted HOLTEC International, The Shaw Group, Inc. ("Shaw") and Westinghouse Electric Company, LLC ("Westinghouse") to build a licensed Independent Spent Fuel Storage Installation ("ISFSI"), which was completed and commenced receiving fuel in 2016. Because of the DOE's failure to meet its obligation to dispose of spent fuel, Dominion and the Authority are being reimbursed by DOE for a portion of ISFSI project costs. The Authority expects this reimbursement will equal approximately 75% of the total project costs.

Performance Indicators. The following table sets forth performance indicators for the Authority's coal-fired generation for the years 2016 through 2018.

	2016	**2017**	**2018**
Capacity Factor - %	40.1	35.1	40.4
Availability Factor - %	93.3	83.2	82.6
Forced Outage Rate - %	2.0	8.2	7.0
Net Heat Rate (BTU/kWh)	9,954	10,213	10,161

Performance monitoring systems are in place at the Authority's coal-fired generating stations and at its Rainey Generating Station to optimize each unit's operation while complying with environmental requirements.

All Authority operated units are maintained with computerized maintenance management systems and the use of preventive, predictive, and proactive maintenance practices to achieve high reliability and efficiency at low maintenance cost. In its maintenance program, the Authority utilizes technologies such as vibration analysis, oil analysis, thermography, laser alignment, and non-destructive testing. The Authority continues to implement equipment maintenance programs for the units including major unit components such as control systems, steam generators, and turbine generators. See "CAPITAL IMPROVEMENT PROGRAM AND BUSINESS PLAN."

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The following table sets forth performance indicators for the Authority's combined cycle gas-fired generation for the years 2016 through 2018.

	2016	2017	2018
Net Capacity Factor - %	82.1	86	81.9
Availability Factor - %	94.8	93.1	84.9
Forced Outage Rate - %	0.7	0.4	0.3
Combined Cycle Net Heat Rate (BTU/kWh)	7,242	7,066	7,026

The following table sets forth certain performance indicators for Summer Nuclear Unit 1 for the years 2016 through 2018 and for the period of commercial operation, January 1, 1984 through December 31, 2018. The next refueling outage is scheduled for April 10, 2020.

	2016	2017[1]	2018[2]	January 1, 1984 - December 31, 2018
Net Generation - MWh	8,658,361	6,913,294	7,366,391	241,300,768
Capacity Factor - %	102.0	81.7	87.1	84.2
Availability Factor - %	100.0	80.8	86.1	85.4
Forced Outage Rate - %	0.0	5.0	0.0	2.4

(1) Spring 2017 - 54 days for scheduled refueling outage
(2) Fall 2018 - 51 days for scheduled refueling outage

Power Purchase Agreements or Purchases

The Authority presently receives 84 MW of firm supply from the U.S. Army Corps of Engineers ("COE") and 301 MW of firm hydroelectric power from SEPA. For a discussion of ongoing litigation concerning the Authority's contract with COE, see "LITIGATION – Non-Nuclear Litigation - *South Carolina Public Service Authority v. U.S. Army Corps of Engineers*" herein. The SEPA allocation consists of 150 MW for wheeling to the SEPA preference customers served by the Authority and 151 MW purchased by the Authority for its customers. The Authority's contract with SEPA is subject to termination only after the Authority delivers a written termination notice to SEPA at least twenty-five (25) months prior to the termination date, or SEPA delivers a written termination notice to the Authority at least twenty-four (24) months prior to the termination date. The Authority may also terminate the contract in the event of a rate adjustment that would result in increased costs to the Authority.

The Authority also receives 8 MW of dependable capability from the Buzzards Roost hydroelectric generating facility which it leases from Greenwood County through March 3, 2020 and 74 MW of biomass capacity and associated energy under three power purchase agreements (the first commenced in September 2010 and the most recent in November 2013, with varying terms from 15 to 30 years). At the present time, the Authority does not intend to renew or extend its lease of the Buzzards Roost hydroelectric generating facility with Greenwood County. There is also an agreement to purchase the output from a 2.5 MW solar photovoltaic facility that started producing power in December of 2013, which has a 20-year term. The Authority has entered into two separate Power Purchase Agreements ("PPA") of 75 MW each for five years under PURPA requirements. The facilities are projected to begin operation in 2020 and 2021.

Regional Water Systems

The Authority operates, maintains, and insures the Santee Cooper Regional Water System and Lake Marion Regional Water System, two modern drinking water treatment systems serving nearly 200,000 people.

The rights to the capacity produced by Santee Cooper Regional Water System are owned by the Lake Moultrie Water Agency (the "Moultrie Agency"), a Joint Municipal Water System created to supply the water needs of its Members. The Members currently are Berkeley County, City of Goose Creek, Town of Moncks Corner Commissioners of Public Works and the Commissioners of Public Works for the Town of Summerville. The Santee Cooper Regional Water System began operation in 1994 at a capacity of 20.7 million gallons per day (MGD), and since then capacity has been increased to 40 MGD.

The rights to the capacity produced by the Lake Marion Regional Water System are owned by the Lake Marion Regional Water Agency (the "Marion Agency"), a Joint Municipal Water System created to supply the water needs of its Members. The Members currently are Berkeley County, Calhoun County, Dorchester County, Orangeburg County, and the Town of Santee. The Lake Marion Regional Water System began operation in 2008 at a capacity of 8 MGD.

The Authority agrees to supply both agencies with potable water, and both agencies agree to purchase and pay for the entire output of the respective Regional Water Systems. The Authority may issue debt to pay for the cost to construct and upgrade the Regional Water Systems. Each agency reimburses the Authority for raw water taken from Lakes Moultrie and Marion at an established rate that compensates the electric system for the loss of potential energy at the Jefferies Hydroelectric Station. Rates and charges are maintained that are sufficient for all of the Authority's costs for Capital Expenditures, Debt Service, and Current Expenses charged to the Regional Water Systems.

Upon termination or expiration of contracts, or upon the sale or privatization of the Authority, each agency has the right to purchase their respective water system for a price equal to the amount required to redeem the outstanding debt and the right to withdraw water from the lakes. Current outstanding debt owed the Authority is $27,132,000 for the Moultrie Agency, and $1,193,441 for the Marion Agency.

Fuel Supply

During 2018, the Authority's energy supply, including energy wheeled to SEPA preference customers, was derived from the following fuel sources:

Source of Power Supply	% of Total (MWh)
Coal	42.4
Natural Gas and Oil	19.5
Nuclear	9.3
Owned Hydro Generation	2.3
Purchases	26.3
Landfill Methane Gas	0.2
Total	100.0

Coal. The Authority has contracted for bituminous coal for its Winyah and Cross Generating Stations with five different suppliers for 2020 and 2021 that total 2.625 and 2.650 million tons respectively in those years. These contracted volumes account for approximately 60% of the projected coal burns in each year. Additional coal is acquired from spot market purchases. All of the Authority's suppliers have loading facilities for providing delivery of coal in unit train shipments. The Authority owns approximately 1,700 coal cars and can supplement its fleet as needed with cars provided by the railroad and through short term leases. Due to lack of demand for coal car use, excess Authority owned cars are being leased out to other parties. The Authority's current rail transportation contract terms expire at the end of 2021 with an option to extend an additional year through 2022.

The Authority contracts for solid fuel from three primary coal basins: Central Appalachia, Northern Appalachia, and Illinois Basin. Considering quantity and quality requirements, the Authority uses a combination of these coal supplies with long-term and short-term contracts to meet its solid fuel needs. The Authority evaluates the fuel contracts based on the lowest delivered prices, while ensuring and adapting to future needs.

The Authority uses a methodology that reflects the impact of coal to gas switching to calculate its coal days on hand. This methodology for calculating coal days on hand uses the annual amount of coal budgeted to be burned divided by 365. The annual burn budget factors in coal to gas generation switching based on economics, using projections based on gas prices and forward price curves available at the time the budget is developed. Using this methodology, the Authority had 148 days of coal on hand as of August 31, 2019. In terms of tonnage, the Authority had approximately 1.776 million tons of coal on hand at that time. Because of storage capability the Authority has the flexibility to build the coal pile to take advantage of favorable coal market conditions and gas switching capabilities.

Sulfur dioxide ("SO_2") air emission limitations dictate the maximum amount of coal sulfur content that can be used by generating units. The sulfur content of coal received under existing contracts ranges from approximately 0.9% to 3.0%. The Authority believes it can obtain an adequate coal supply with sulfur content within acceptable ranges to meet foreseeable needs. See "REGULATORY MATTERS - Environmental Matters."

Gas. The Authority has contracted with Transcontinental Gas Pipeline Corporation ("TGPC") to provide firm gas transportation in an amount approximately equal to the combined cycle unit of the Rainey Generating Station at full load. The contract expired on October 31, 2015; however, a service agreement for the same volume will remain in effect on a year-to-year basis at the tariff rate, which resets annually on April 1st. The current tariff rate is $0.15736 per dekatherm. The Authority and TGPC are currently involved in a rate case, the outcome of which may result in a slight increase in the tariff rate before the next reset date on April 1, 2020.

Any additional gas transportation necessary to fuel the remaining needs of the simple cycle units at the Rainey Generating Station will be purchased on the spot market as needed.

The Authority purchases the majority of its natural gas on a daily or short-term basis; however, a long-term delivered natural gas agreement is in place for November 1, 2017 through December 31, 2020. The Authority's natural gas risk is managed using a combination of financial and physical hedging strategies. See "POWER SUPPLY AND POWER MARKETING - Fuel Supply - *Commodity Risk Management*." All of the Authority's natural gas transactions are currently executed by The Energy Authority ("TEA"), a nonprofit corporation located in Jacksonville, Florida, providing power marketing and resource management services, including hedging strategies and execution primarily on behalf of its members. For a further discussion of TEA, see "The Energy Authority" below.

Commodity Risk Management. The Board has approved a policy governing activities related to the Authority's commodity risk management program. The Authority strives to mitigate variations in price with a combination of long-term and short-term contracts, a fuel commodity risk hedging program, and by taking advantage of market opportunities, such as purchasing and blending off-specification coal when the economics are favorable. The Authority has determined that all financial risk transactions executed under the policy will be executed through TEA. See "POWER SUPPLY AND POWER MARKETING - The Energy Authority."

Nuclear. Under the Joint Ownership Agreement for Summer Nuclear Unit 1, Dominion acts for itself and as agent for the Authority in the operation of Summer Nuclear Unit 1 including the acquisition and management of nuclear fuel. Contracts are in place to supply uranium and conversion through 2020. Plans for extension of the uranium and conversion contract are dependent on the resolution of the Cameco dispute discussed below. Enrichment services will be met by contract through 2028.

On May 12, 2008, Dominion (formerly known as SCE&G), for itself and as agent to the Authority, entered into a Uranium Hexafluoride ("UF_6") Supply Agreement with Cameco, Inc. ("Cameco"), a Nevada corporation that supplies uranium products (the "Original Agreement"). The Original Agreement called for delivery of a total of 1,535,000 kilograms of elemental uranium ("kgU") of UF_6 to Dominion. The total quantity to be delivered was spread out over the 2010 to 2016 time-period with an annual base quantity specified for each year. The Original Agreement was subsequently amended on January 25, 2011 (the "Amendment") (the Original Agreement, as amended by the Amendment, is hereinafter referred to as the "Agreement"), to provide for additional deliveries of UF_6 over an extended contract term covering the period of 2017 to 2020. The Amendment called for an additional 1,640,000 kgU of UF_6 to be delivered with 410,000 kgU identified as the annual base quantity for each year of the extended term. The Amendment also modified the pricing terms.

On December 18, 2018, Cameco initiated an arbitration proceeding alleging that Dominion was in breach of the Agreement when it did not take and pay for the full quantity of UF_6 to be delivered under the Agreement, for use in Summer Nuclear Unit 1 and Summer Nuclear Units 2 and 3. The Authority, as co-owner of those plants, may be responsible for a portion of any judgment against Dominion. The Authority, however, was not named as a respondent in the arbitration proceeding. The estimated amount of any such judgment is unknown at this time.

The dispute centers around Dominion's cancellation of certain UF_6 deliveries in 2017 and 2018 by invoking a provision in the Agreement allowing for reductions in the delivery of UF_6 resulting from reductions in existing unit operations. Specifically, Cameco alleges that Dominion wrongfully cancelled deliveries of 129,000 kgU of UF_6 in 2017

and 228,000 kgU in 2018. In the arbitration, Cameco seeks an award requiring Dominion to remedy the deficiency in the price of UF_6 sold by Cameco to other parties and the price at which UF_6 would have been sold to Dominion under the Agreement. It further seeks an order requiring Dominion to purchase the quantities cancelled in 2017 and 2018 as well as the remaining quantities through 2020. Alternatively, it seeks damages for the alleged breach.

Dominion has denied the allegations in the arbitration proceeding. On August 9, 2019, Cameco filed a statement of claim in support of its request for relief. Under the procedural order set by the panel of arbitrators, Dominion's statement of defense is due on November 13, 2019 and the evidentiary hearing is scheduled for October 2020.

Transmission

The Authority operates an integrated transmission system which includes lines owned by the Authority as well as those owned by Central and maintained by the Authority. The transmission system includes approximately 1,384 miles of 230 kilovolt ("kV"), 1,929 miles of 115 kV, 1,729 miles of 69 kV and 95 miles of 34 kV and below overhead and underground transmission lines. The Authority operates 106 transmission substations and switching stations serving 86 distribution substations and 465 Central Cooperative delivery points. Monitoring and control of integrated power system operations is supported by 1,200 miles of transmission fiber and 44 licensed radio paths. The Authority plans the transmission system to operate during normal and contingency conditions that are outlined in electric system reliability standards adopted by the North American Electric Reliability Corporation ("NERC").

Distribution

The Authority owns distribution facilities in two service areas: the Berkeley District serving retail customers in St. Stephen, Bonneau Beach, Moncks Corner and Pinopolis; and the Horry-Georgetown Division serving retail customers in Conway, Myrtle Beach, North Myrtle Beach, Loris, Briarcliffe, Surfside Beach, Atlantic Beach, Pawleys Island, unincorporated areas along the Grand Strand and portions of rural Georgetown and Horry Counties. See "CUSTOMER BASE."

General Plant

The Authority owns a general plant consisting of office facilities; transportation and heavy equipment; computer equipment; and communication equipment necessary to support the Authority's operations. The general plant includes all buildings associated with supporting the operations of Santee Cooper throughout the state. These buildings range from the Moncks Corner Main Office Complex and Horry/Georgetown Office Facility to multiple warehouses, crew quarters, transportation service buildings and various other service buildings.

Interconnections and Interchanges

The Authority's transmission system is interconnected with other major electric utilities in the region. It is directly interconnected with Dominion at eight locations (two additional interconnections are currently planned and under contract); with Duke Energy Progress at eight locations; with Southern Company Services, Inc. ("Southern Company") at one location; and with Duke Energy Carolinas, at two locations. The Authority is also interconnected with Dominion, Duke Energy Carolinas, Southern Company and SEPA through a five-way interconnection at SEPA's J. Strom Thurmond Hydroelectric Project, and with Southern Company and SEPA through a three-way interconnection at SEPA's R. B. Russell Hydroelectric Project. Through these interconnections, the Authority's transmission system is integrated into the regional transmission system serving the southeastern areas of the United States and the Eastern Interconnection (one of the two major alternating-current (AC) electrical grids in the continental U.S. power transmission grid, the other being the Western Interconnection). The Authority has separate interchange agreements with each of the companies with which it is interconnected which provide for mutual exchanges of power.

Reliability Agreements

The Authority is a party to the Virginia-Carolinas Reliability Agreement ("VACAR") which exists for the purpose of safeguarding the reliability of electric service of the parties thereto. Other parties to the VACAR agreement are Dominion, Duke Energy Progress, Duke Energy Carolinas, Cube Hydro Partners, LLC and Dominion Virginia Power.

The Authority is also a member of the SERC Reliability Corporation, which is one of 6 regional entities under NERC.

The Energy Authority

The Authority is a member of TEA. In addition to the Authority, the current members of TEA include City Utilities of Springfield (Missouri), Gainesville Regional Utilities (Florida), JEA (Florida), Municipal Electric Authority of Georgia, Nebraska Public Power District and American Municipal Power, Inc. (Ohio). TEA is engaged in buying and selling wholesale electric power and procuring natural gas for its members for use in their operations. TEA also serves as members' market participant in various regional transmission organizations, so as to maximize the efficient use of energy resources, reduce operating costs and increase operating revenues of its members without impacting the safety and reliability of their electric systems. As a member of TEA, the Authority makes payment of a membership fee and certain contributions to capital and is providing certain guarantees not exceeding $72.4 million for electric and gas trading by TEA as of September 30, 2019. If any payment is required to be made to TEA by the Authority, it will be payable as an operation and maintenance expense under the Revenue Obligation Resolution. The Authority has not incurred any credit losses in relation to TEA trading activity.

Effects of Cyber Attacks

The Authority, like many other large public and private entities, relies upon a complex technology environment to conduct its operations, and faces multiple cybersecurity threats on its digital networks and systems (collectively, "Systems Technology"). As the Authority's business is considered critical infrastructure and virtually all the Authority's operations are dependent in some manner upon its Systems Technology, the loss or impairment of the System Technologies could have a serious adverse effect on the Authority's customers and communities. Cybersecurity incidents could result from unintentional events or from deliberate attacks by unauthorized entities and individuals attempting to gain access to the Authority's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. A successful physical or cyberattack could lead to outages, failure of operations of all or portions of the Authority's businesses, damage to key components and equipment, and exposure of confidential customer, employee, or corporate information. To mitigate the risk to the Authority's business operations of damage from cybersecurity incidents or cyber-attacks, the Authority invests in multiple forms of cybersecurity and physical safeguards. While the Authority's cybersecurity and physical safeguards are periodically tested, no assurance can be given by the Authority that such measures will ensure against cybersecurity threats and attacks, and any breach could damage the Authority's Systems Technology and cause material disruption to the Authority's finances or operations. In addition, the failure to secure the Authority's operations from such physical and cyber events may cause reputational damage to the Authority. The costs of remedying any such damage or protecting against future attacks could be substantial. Furthermore, cybersecurity breaches could expose the Authority to material litigation and other legal risks, which could cause the Authority to incur material costs, and insurance may not be adequate to respond to these events. As a result, the Authority's financial condition, results of operations, and cash flows may be adversely affected.

Effects of Weather and Catastrophic Events

The Authority has delivered less electricity when weather conditions have been milder than normal and, as a consequence, earned less income from those operations. Mild weather in the future could diminish the revenues and results of operations and harm the financial condition of the Authority. Fluctuations in weather conditions could result in higher bills for customers and higher write-offs of receivables, as well as a greater number of disconnections for non-payment. In addition, severe weather can be destructive for the Authority, causing outages and property damage, adversely affecting operating expenses and revenues.

In addition, the occurrence of one or more natural disasters, such as hurricanes, tropical storms, floods, earthquakes, major or extended weather storms, droughts, extreme heat, or other severe changes in climate, or man-made mishaps (such as a coal ash pond failure), could adversely affect the Authority's operations and financial performance in a number of ways. For example, such events could: (i) cause outages and property damage; (ii) impede the Authority's ability to generate, transmit, and/or distribute power; (iii) adversely affect the Authority's key contractors or suppliers; or (iv) result in disadvantageous changes to federal, state or local policies, laws and regulations.

SUMMER NUCLEAR UNITS 2 AND 3

Timeline of Events Relative to Summer Nuclear Units 2 and 3

2008. In January of 2008, the Authority approved a generation resource plan that included the development of two new 1,117 MW nuclear generating units (individually, "Summer Nuclear Unit 2" and "Summer Nuclear Unit 3" and together, "Summer Nuclear Units 2 and 3") at the V.C. Summer Nuclear Generating Station. Summer Nuclear Units 2 and 3 would be jointly-owned by the Authority (45% ownership interest) and, at the time, SCE&G (now known as Dominion) (55% ownership interest) (together, the "Owners").

The cost of Summer Nuclear Units 2 and 3 was originally estimated to be approximately $9.8 billion. Based on its 45% ownership interest, the Authority's portion of the cost to construct Summer Nuclear Units 2 and 3 was approximately $4.4 billion. The Authority's funding sources for Summer Nuclear Units 2 and 3 consisted of the proceeds of Revenue Obligations issued pursuant to the Revenue Obligation Resolution between 2008 and 2016 and currently outstanding in the aggregate principal amount of $3,966,182,700 as of September 30, 2019.

In March of 2008, SCE&G applied to the NRC for Combined Construction and Operating Licenses (the "COLs") to build Summer Nuclear Units 2 and 3. In May of that year, SCE&G, acting for itself and as agent for the Authority, entered into an Engineering, Procurement, and Construction Agreement (the "EPC Agreement"), with a contractor consortium consisting of Westinghouse and Stone & Webster, Inc. ("Stone & Webster" and together with Westinghouse, the "Consortium"), a wholly-owned subsidiary of Shaw. Under the EPC Agreement, the Consortium would supply, construct, test and start up Summer Nuclear Units 2 and 3, with guaranteed substantial completion dates of April 2016 for Summer Nuclear Unit 2 and January 2019 for Summer Nuclear Unit 3. In addition, Westinghouse's indirect parent company, Toshiba Corporation ("Toshiba"), provided a guaranty of Westinghouse's payment obligations under the EPC Agreement (the "Guaranty") and Stone & Webster's parent company, Shaw, likewise provided a guaranty of Stone & Webster's payment obligations under the EPC Agreement.

The Authority and SCE&G, in turn, would pay, in proportion to their respective ownership interests in Summer Nuclear Units 2 and 3, a contract price of $6,366,900,000, subject to certain fixed price escalations and adjustments, adjustments for change orders and bonuses, and adjustments for cost overruns. The Authority and SCE&G would also pay costs associated with ancillary project facilities, staffing, project management and oversight by SCE&G and the Authority.

Summer Nuclear Units 2 and 3 were to be completed in two phases. Phase I of the work consisted of the Consortium's engineering support and other services required by the Owners to support licensing efforts for Summer Nuclear Units 2 and 3 (including receipt of approvals from the PSC), continuation for design work, project management, engineering and administrative support to procure long lead time equipment, construction mobilization, site preparation, site infrastructure development, and installation of construction facilities ("Phase I"). Phase II consisted of the remainder of the work required to supply, construct, test and start up Summer Nuclear Units 2 and 3 ("Phase II"). Phase I commenced in May of 2008.

2012. In March of 2012, the NRC issued the COLs with certain conditions for Summer Nuclear Units 2 and 3. The Authority and SCE&G submitted an overall integration plan to the NRC for Summer Nuclear Units 2 and 3 in August of 2013 in order to meet these conditions.

Phase I was completed in April of 2012 with the issuance of a Full Notice to Proceed by the Owners following receipt of the COLs. Also, in April, the Authority approved a construction budget for Summer Nuclear Units 2 and 3 of $5,148,948,000 including related transmission and initial nuclear fuel cores.

During the course of activities under the EPC Agreement, issues materialized that affected the budget and schedule for Summer Nuclear Units 2 and 3. The Consortium made claims to the Owners for additional costs relating to delays in receiving the COLs, design modifications of the shield building and certain pre-fabricated structural modules and unanticipated rock conditions at the site of Summer Nuclear Units 2 and 3. In July of 2012, the Owners agreed to a financial settlement with the Consortium, with the Authority's share (based on its 45% ownership interest) equaling approximately $113 million. As a result of the settlement, the guaranteed substantial completion dates were changed to March 2017 for Summer Nuclear Unit 2 and May 2018 for Summer Nuclear Unit 3.

Subsequent to July 2012, the Consortium continued to experience delays in constructing Summer Nuclear Units 2 and 3 due to incomplete engineering and the schedule for fabrication and delivery of the sub-modules. As a result of these delays, the anticipated substantial completion dates were further revised by the Consortium to December 2017-March 2018 for Summer Nuclear Unit 2 and March 2019 for Summer Nuclear Unit 3. These revised dates were not accepted by the Owners as new guaranteed substantial completion dates.

2013 and 2014. Stone & Webster was sold by Shaw to Chicago Bridge & Iron Company ("CB&I") in February of 2013. Shaw's parental guaranty of Stone & Webster's payment obligations under the EPC Agreement was replaced by a parental guaranty from CB&I as part of the transaction.

First nuclear concrete was placed on Summer Nuclear Unit 2 in March of 2013 and on Summer Nuclear 3 in November of 2013. In August 2014, SCE&G and the Authority received a preliminary cost estimate associated with the schedule delays at Summer Nuclear Units 2 and 3 of approximately $1.2 billion for non-firm and non-fixed scopes of work. The anticipated substantial completion dates for Summer Nuclear Units 2 and 3 were also further revised by the Consortium to June 2019 for Summer Nuclear Unit 2 and June 2020 for Summer Nuclear Unit 3. These revised dates were not accepted by the Owners as new guaranteed substantial completion dates.

2015 and 2016. In August of 2015, legal representatives for the Owners executed a Professional Services Agreement with Bechtel Power Corporation, an engineering, procurement, construction, and project management company ("Bechtel"). In February of 2016, Bechtel released its report, identifying significant issues facing Summer Nuclear Units 2 and 3 and recommending corrective actions in the areas of project management, engineering, procurement, construction and project controls and startup.

In October of 2015, the Owners and the Consortium amended the EPC Agreement, effective December 31, 2015 (the "2015 EPC Amendment"), to, among other things, resolve outstanding disputes, modify the Consortium structure to reflect the acquisition of Stone & Webster by Westinghouse, release by the Owners of the CB&I parent guaranty, modify other key terms, and further revise the guaranteed substantial completion dates for Summer Nuclear Units 2 and 3 to August 31, 2019 and August 31, 2020, respectively.

In particular, the 2015 EPC Amendment: (i) resolved by settlement and release substantially all outstanding disputes between the Owners and the Consortium in exchange for: (a) an additional payment by the Owners of $300 million (the Authority's share (based on its 45% ownership interest) equaling $135 million) and (b) a credit to the Owners of approximately $50 million (the Authority's share (based on its 45% ownership interest) equaling approximately $23 million) applied to the target component of the contract price; (ii) capped the aggregate liquidated damages resulting from the Consortium's failure to comply with schedule guarantees at $463 million for each of Summer Nuclear Units 2 and 3 (adjusted to $338 million upon the exercise of the Fixed Price Option discussed below) (the Authority's share (based on its 45% ownership interest) after the adjustment equaling approximately $152 million); (iii) provided for Toshiba to reaffirm the Guaranty; and (iv) included an irrevocable option (the "Fixed Price Option") to fix the total amount to be paid to the Consortium for its entire scope of work on Summer Nuclear Units 2 and 3 (with some limited exclusions) after June 30, 2015 at $6.082 billion (the Authority's share (based on its 45% ownership interest) equaling approximately $2.737 billion), subject to adjustment for amounts paid since June 30, 2015. SCE&G, on behalf of the Owners, exercised the Fixed Price Option in July of 2016.

In late 2015, following disclosures regarding its operating and financial performance and near-term liquidity, Toshiba's credit ratings declined to below investment grade. As a result, in 2016, the Owners exercised their right under the EPC Agreement to demand, and Westinghouse, through Toshiba, provided, payment and performance bonds in the form of standby letters of credit totaling $45 million (the Authority's share (based on its 45% ownership interest) equaling $20.3 million).

In June of 2016, the Authority approved an approximate $1.1 billion increase in the Authority's construction budget for Summer Nuclear Units 2 and 3 from the approximate $5.1 billion approved on April 5, 2012 to approximately $6.2 billion, consisting of approximately $220 million for transmission, approximately $139 million for the initial fuel core and approximately $5.9 billion for construction of the units.

As of October 2016, the Authority had financed approximately $4.2 billion of its share of the construction costs of Summer Nuclear Units 2 and 3 using proceeds of Revenue Obligation issues sold beginning in 2008. The Authority intended to fund its remaining construction costs using the proceeds of additional Revenue Obligation and Commercial Paper Note issuances in calendar years 2017 through 2020, as well as proceeds from the sale of a five percent (5%) ownership interest in Summer Nuclear Units 2 and 3 to SCE&G. On December 27, 2016, Toshiba publicly announced a likely multi-billion dollar write-off associated with Westinghouse's acquisition of Stone & Webster.

2017. In February of 2017, Toshiba announced a $6.3 billion write-down on the value of Westinghouse, stemming from its two U.S. nuclear construction projects, Summer Nuclear Units 2 and 3 and Units 3 and 4 at the Vogtle nuclear power plant located in Burke County, Georgia ("Vogtle Nuclear Units 3 and 4"). A month later, Westinghouse and 29 affiliated companies filed a petition pursuant to Chapter 11 of the Bankruptcy Code (the "Petition") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").

After the filing of the Petition, the Owners, led by SCE&G, conducted a comprehensive analysis regarding the continued viability of Summer Nuclear Units 2 and 3. The analysis revealed that: (i) the costs to complete Summer Nuclear Units 2 and 3 (including labor costs) would be much higher than previously expected; and (ii) the construction schedule would take much longer than previously expected. In particular, (i) the Owners' analysis estimated that completion of Summer Nuclear Units 2 and 3 would be delayed until 2023 for Summer Nuclear Unit 2 and 2024 for Summer Nuclear Unit 3 and (ii) the new cost estimate for Summer Nuclear Units 2 and 3 was over $25 billion, placing the Authority's 45% share at $11.4 billion ($8 billion in construction costs and $3.4 billion in interest expense), an increase from the then-current projected cost of $6.2 billion.

The Owners also entered into negotiations with Toshiba for the purpose of acknowledging and defining Toshiba's obligations under the Guaranty and establishing a schedule for the full payment of such obligations to the Owners. As a result, in July of 2017, the Owners and Toshiba entered into a Settlement Agreement (the "Toshiba Settlement Agreement") which included: (A) Toshiba's agreement: (i) that it would pay the Guaranty obligation in the amount of $2.168 billion (the Authority's share (based on its 45% ownership interest) equaling $975.6 million)), in accordance with a payment schedule commencing in 2017 and continuing through 2022; (ii) that payment of the Guaranty obligation would not be dependent on the completion of either or both of Summer Nuclear Units 2 and 3; (iii) that the Owners were not releasing any claims or rights against Westinghouse; and (iv) not to subordinate the Guaranty obligations except to working capital lenders and other relationships necessary to continue and enhance Toshiba's financial condition; (B) the Owners' agreement: (i) that the distribution proceeds received from the Westinghouse bankruptcy proceeding would be a credit against the Guaranty; and (ii) not to exercise their remedies under the Guaranty, absent a default, until September 2022; and (C) Toshiba's and the Owners' agreement, along with Westinghouse and the owners of Vogtle Nuclear Units 3 and 4, to: (i) work towards an expeditious sale of Westinghouse, and (ii) enter into a consent order in the Bankruptcy Court that approved the assignment by Toshiba to the Owners and the owners of Vogtle Nuclear Units 3 and 4 of all rights to the non-U.S. assets in the Westinghouse family of companies owned by Toshiba and any of Toshiba's rights against Westinghouse relating to loans and similar receivables.

On July 31, 2017, the Authority approved the wind-down and suspension of construction of Summer Nuclear Units 2 and 3 and the preservation and protection of the site and related components and equipment. SCANA approved similar action on the same day. To date, the Authority had spent approximately $4.7 billion in construction and interest costs. Upon suspending construction, and in accordance with GASB 62, the Authority ceased capitalizing interest expense on the debt incurred to fund Summer Nuclear Units 2 and 3 as of July 31, 2017.

In early September of 2017, the Owners filed two proofs of claim in unliquidated amounts in connection with the Westinghouse bankruptcy proceeding. Later that month, the Owners and Citibank, N.A. ("Citibank") entered into an Assignment and Purchase Agreement (the "Assignment and Purchase Agreement"), pursuant to which the Owners sold and assigned rights to receive payment under the Toshiba Settlement Agreement and rights, duties and obligations arising under the two proofs of claim filed in the Westinghouse bankruptcy proceeding to Citibank, in exchange for a purchase price of $1,847,075,400 (the Authority's share (based on its 45% ownership interest) equaling $831,183,930). Excluded from the sale was the initial $150 million payment (the Authority's share (based on its 45% ownership interest) equaling $67.5 million) received by the Owners under the Toshiba Settlement Agreement.

In December of 2017, SCE&G submitted a letter request to the NRC for approval to withdraw the COLs for Summer Nuclear Units 2 and 3. In response, the Authority submitted a letter to the NRC requesting that the NRC not take action until the Authority could evaluate the possible risks associated with taking on the nuclear licenses itself. However, in January of 2019, the Authority notified the NRC of its consent to SCE&G's request to terminate the COLs. The NRC approved the termination of the COLs in March of 2019.

2018 and 2019. In January of 2018, the Owners entered into Amendment No. 1 of the Toshiba Settlement Agreement and Amendment No. 1 of the Assignment and Purchase Agreement. These amendments had the effect of capping at $60 million the Owners' current obligation to reimburse Citibank for payments the Owners received from the Westinghouse estate that had the effect of reducing mechanics liens at the site of Summer Nuclear Units 2 and 3 (the Authority's share (based on its 45% ownership interest) equaling $27.0 million). To date, the Owners have not made any reimbursement payments to Citibank.

Also, in January, the State's Department of Revenue ("DOR") notified SCE&G that the sales and use tax returns for Summer Nuclear Units 2 and 3 had been assigned for a sales and use tax audit. During a meeting in February, the DOR took the position that, because Summer Nuclear Units 2 and 3 had been abandoned and the facility was not completed and would not produce electricity, the materials for Summer Nuclear Units 2 and 3 were not tax-exempt and sales tax payments were due on previously tax-exempt purchases. In May, the DOR issued a proposed notice of assessment in the amount of $421 million. The Authority has submitted a protest to the notice of proposed assessment and continues to dispute the position that sales taxes are due and owing. See "LITIGATION – Nuclear Litigation – Department of Revenue Matter" herein.

In March of 2018, the Bankruptcy Court issued its order confirming Westinghouse's Chapter 11 plan of reorganization (the "Westinghouse Plan of Reorganization"). The Westinghouse Plan of Reorganization provided for the sale of Westinghouse to Brookfield Business Partners, L.P. ("Brookfield") for $4.6 billion, which occurred in August of 2018.

The Westinghouse Plan of Reorganization also provided for the payment of claims made by allowed general unsecured creditors in an amount equal to the lesser of: (i) their pro rata share of certain funds; or (ii) 100% of the amount of the allowed claim. Under the Westinghouse Plan of Reorganization, creditors providing materials and services at the site of Summer Nuclear Units 2 and 3 were classified as Class 3A General Unsecured Creditors. In December of 2018, an initial distribution was made on behalf of the Westinghouse estate to Class 3A General Unsecured Creditors equaling approximately 25% of the allowed amount of each claim. Subsequently, a catch-up payment was made representing 75% of the allowed amount of each claim. Representatives of W. Wind Down Company, LLC, the entity responsible for paying the Westinghouse claims under the supervision of the Bankruptcy Court, has represented to the Owners that funds have been reserved to pay 100% of the presently disputed claims by the Class 3A General Unsecured Creditors. In the event that such disputed claims are not paid in full from the Westinghouse estate, the Class 3A General Unsecured Creditors could claim that the Authority is liable for payment under a mechanic's lien theory.

In June of 2018, SCE&G and the Authority signed a Right of Entry Agreement allowing the Authority to begin implementation of a Maintenance, Preservation, and Documentation (MPD) Program to preserve the equipment relative to Summer Nuclear Units 2 and 3 for sale. The Authority contracted with Fluor to perform an assessment of the condition of the equipment and to implement an MPD Program to help protect its value. Fluor began this scope of work in July of that year. The Authority has since approved an extension of the MPD Program through the end of 2019. The Authority spent $4.2 million in 2018 and has spent $3.5 million through mid-September 2019 to preserve the equipment.

In January of 2019, SCANA and its subsidiaries, including SCE&G, merged with Dominion. Through the merger, SCANA became a wholly-owned subsidiary of Dominion.

Sale of Summer Nuclear Units 2 and 3 Assets

Determination of Impaired Assets and Accounting Treatment. After suspending construction, the Authority sought additional project partners or financial support for Summer Nuclear Units 2 and 3. Finding none, the Authority looked to whether or not it could sell the fuel assets and non-fuel assets comprising Summer Nuclear Units 2 and 3

equipment and commodities[1]. First, an evaluation was conducted in accordance with GASB 42 to determine whether the assets were impaired. With the exception of certain assets to be repurposed at Summer Nuclear Unit 1 or used to enhance the Authority's transmission system, the assets were determined to be impaired because: (i) the decline in service utility of the assets was large in magnitude; (ii) the event or change in circumstance was outside the normal life cycle of the assets; and (iii) although Summer Nuclear Units 2 and 3 could be completed at some point in the future, the Authority had no near-term plans to do so. Next, the Authority set out to determine the fair value of the impaired assets.

Based on the results of a fair value determination of the assets, the write-off of the construction costs and fuel for Summer Nuclear Units 2 and 3 for the year ended December 31, 2017 totaled $4.211 billion. In January of 2018, the Authority approved the use of regulatory accounting for the $4.211 billion impairment write-off. The majority of Summer Nuclear Units 2 and 3 was financed with borrowed funds and for rate-making purposes, the Authority includes the debt service on these borrowed funds in its rates. Therefore, the impairment will be recorded as a regulatory asset and amortized through November 2056 to align with the principal payments on the associated indebtedness.

In December of 2017, the Authority approved the use of regulatory accounting to defer a portion of post-suspension capitalized interest. With the cessation of capitalized interest and the timing of the suspension, the Authority would be unable to collect a portion of the post-suspension capitalized interest in its rates. Such post-suspension capitalized interest totaled $37.1 million as of December 31, 2017 and, like the $4.211 billion impairment write-off, will be recorded as a regulatory asset and amortized through November 2056 in order to align with the principal payments on the debt used to pay the interest.

In December of 2017, the Authority also approved the use of regulatory accounting to defer the recognition of income from the Toshiba Settlement Agreement. The Authority recorded a regulatory deferred inflow of $898.2 million with respect to the Toshiba Settlement Agreement as of December 31, 2017, to be amortized over time in order to align with the manner in which the settlement proceeds are used to reduce debt service payments.

In the event that the principal maturities of the indebtedness described above change materially, the amortization will be adjusted to better align with the new maturities. As such, the $4.211 billion impairment write-off was adjusted to $4.198 billion as of December 31, 2018, to account for a decrease of $8.1 million for adjustments after year end 2017 and amortization of $4.9 million. The $898.2 million deferred inflow with respect to the Toshiba Settlement Agreement was similarly adjusted to $732.3 million, to account for $10.7 million in interest income and amortization of $176.6 million.

The following table summarizes the nuclear-related regulatory items:

Regulatory Item	Classification	Original Amount	2018 Amortization	2018 Changes	2018 Ending Balance
Nuclear impairment	Asset	$ 4.211 billion	($ 4.9 million)	($ 8.1 million)	$ 4.198 billion
Nuclear post-suspension interest	Asset	$ 37.1 million			$ 37.1 million
Toshiba Settlement Agreement	Deferred Inflow	$898.2 million	($176.6 million)	$10.7 million	$732.3 million

Switchyard Assets. SCE&G and the Authority determined that certain transmission-related switchyard assets that were part of Summer Nuclear Units 2 and 3 (the "Switchyard Assets") were unimpaired. During 2018, SCE&G (now Dominion) and the Authority agreed that the ownership interest in the Switchyard Assets needed to be adjusted and began negotiating an agreement to adjust the percentages and true-up the charges. In June of 2019, Dominion and the Authority entered into a Bill of Sale setting the amount of the true-up payment for the Switchyard Assets at $2,675,911. Dominion made this payment to the Authority in September, 2019.

Forbearance Agreement. In December of 2018, SCE&G and the Authority executed a Forbearance Agreement (the "Forbearance Agreement") for the purpose of facilitating the possible domestic and international sales of equipment, commodities and plant components relative to Summer Nuclear Units 2 and 3. Pursuant to the Forbearance Agreement, SCE&G reaffirmed its irrevocable waiver of any and all rights in certain assets (the "Forbearance Assets") consisting of Summer Nuclear Units 2 and 3; ancillary facilities; intellectual property; equipment and materials on-site and off-site

[1] In connection with its bankruptcy proceeding, Westinghouse has claimed that, pursuant to certain contractual provisions, the Owners may not have unencumbered title to the non-fuel assets. The Authority has since filed a complaint in federal court seeking a formal declaration of its sole ownership of the non-fuel assets and has asked the Bankruptcy Court to dismiss Westinghouse's claim of ownership. For a further discussion of these claims, see "LITIGATION – Nuclear Litigation" herein. A sale of the assets could be delayed until a final determination of ownership is made.

including, without limitation, assets, materials and equipment that are affixed to the real property at the site but are capable of being removed. Excluded from the Forbearance Assets were the underlying real property; certain specifically-identified assets excluded from the abandonment of Summer Nuclear Units 2 and 3 prior to December 31, 2017; substation and switchyard assets; the old New Nuclear Deployment (NND) building and nuclear fuel. Under the Forbearance Agreement, Dominion had thirty (30) days from the execution date to: (i) seek approval of the Forbearance Agreement from the PSC and (ii) take reasonable efforts to obtain the release of any security interest or mortgage attached to the Forbearance Assets. In March of 2019, (i) the PSC approved the Forbearance Agreement and (ii) Dominion provided the Authority with a fully-executed release.

For additional information regarding the accounting treatment of the Summer Nuclear Units 2 and 3 assets, see "Regulatory Accounting Treatment" under Note 7 – Summer Nuclear Station in APPENDIX A – "REPORT OF THE AUTHORITY'S FINANCIAL STATEMENT" attached hereto.

CAPITAL IMPROVEMENT PROGRAM AND BUSINESS FORECAST

General

The Authority is currently reviewing its capital improvement program to reflect anticipated capital expenditures resulting from its updated business plan forecast (discussed below), the development of a reform proposal under Act 95, requirements related to FERC relicensing, expenditures to maintain compliance with environmental regulations, and general improvements to the Authority's System, including improvements to existing power supply facilities, extensions of and improvements to the transmission and distribution system, and other general improvements.

Projections estimate the total cost of the capital improvement program for 2020 through 2022 at approximately $805 million, which includes approximately $150 million for environmental compliance expenditures, approximately $11 million for FERC relicensing expenses, approximately $70 million for the resource plan, and approximately $575 million for general improvements to the system.

The cost of the capital improvement program will be paid from Revenues of the Authority, additional Revenue Obligations, and subordinated indebtedness including Commercial Paper Notes and other short-term obligations of the Authority, as determined by the Authority. Based on current projections, the Authority anticipates issuing approximately $470 million of debt in 2020 through 2022 to fund capital projects and expenditures.

Business Forecast

On September 9, 2019, the Authority approved its 2019 business forecast (the "Business Forecast"). The Business Forecast sets forth the Authority's strategy for increasing the diversity of its resource portfolio and use of sustainable resources, reducing carbon emissions and accelerating the rollout of new customer service technologies, while at the same time maintaining stable customer prices through the use of expense management and cost savings initiatives, as well as continued efforts to pay down the Authority's indebtedness. Given the evolving nature of the electric utility industry, the Business Forecast was specifically developed to be flexible and adaptable, allowing the Authority to respond more quickly to changing business and regulatory conditions throughout the forecasted period.

The Business Forecast identifies a series of changes to the Authority's generation and transmission systems that are intended to: (i) improve resource diversity; (ii) reduce the Authority's carbon emissions and reliance on coal and increase its use of renewable resources; (iii) maximize purchases of lower-cost energy from resources connected to surrounding transmission systems; and (iv) develop plans for new generation resources that more closely align resource commitments and projected future loads, and factor in the need for new transmission lines. In particular, the Business Forecast contemplates: (i) the phasing out of the coal-fired Winyah Generating Station by 2027; (ii) the addition of 1,000 MW of solar generation by 2024 above the 160 MW already expected to be added to the Authority's System by 2020; (iii) the addition of 200 MW of battery storage devices to the Authority's System by 2028; and (iv) the addition of at least 100 MW of dual-fuel aeroderivative turbines by 2023, followed by 500 MW of natural gas capacity in 2027 and another 500 MW early in the next decade.

The Business Forecast also identifies a number of expense management and other initiatives intended to achieve cost savings and optimize efficient operations. The cost savings initiatives include: (i) maintaining reductions in budgeted

staffing levels; (ii) paying down indebtedness related to the Authority's nuclear projects; and (iii) identifying hedging transactions to manage the costs of the Authority's natural gas and power purchases. The Authority also anticipates economic benefits and increased efficiencies resulting from possible strategic alliances, coordinated operations and joint planning efforts with other utilities, as well as from the increased use of new technologies, such as smart meters, that provide real-time energy usage data to both the Authority and to its customers.

The Business Forecast also incorporates the Authority's commitment to continue meeting its long-term contractual and financial obligations, including employee benefits, such as healthcare, pension and other post-employment benefits, funding of nuclear decommissioning costs, and contracts to supply fuel or other services in the operation of the Authority's facilities. In addition, the Business Forecast reflects the Authority's continued commitment to provide Central with power under the Central Agreement, at the projections confirmed by Central in August of 2019.

Additional information about the Business Forecast is available on the Authority's website at https://www.santeecooper.com/About/Business-Forecast/Index.aspx. No statement on the Authority's website or any other website is included by specific cross-reference herein. Although the Authority has prepared the information on its website for the convenience of those seeking that information, no decision in reliance upon that information should be made. Typographical or other errors may have occurred in converting the original source documents to their digital format, and the Authority assumes no liability or responsibility for errors or omissions contained on any website. Further, the Authority disclaims any duty or obligation to update or maintain the availability of the information contained on any website or any responsibility or livability for any damages caused by viruses contained within the electronic files on any website. The Authority also assumes no liability or responsibility for any errors or omissions or for any updates to dated information contained on any website. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such website and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12").

REGULATORY MATTERS

The Electric Utility Industry Generally

The electric utility industry in general has been affected by regulatory changes, market developments and other factors which have impacted, and will probably continue to impact, the financial condition and competitiveness of electric utilities and the level of utilization of facilities, such as those of the Authority. Such factors include, among others, (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, (b) changes resulting from conservation and demand-side management programs on the timing and use of electric energy, (c) changes that might result from national energy policies, (d) effects of competition from other electric utilities (including increased competition resulting from mergers, acquisitions, and strategic alliances of competing electric (and gas) utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of producing low cost electricity, (e) increased competition from independent power producers, marketers and brokers, (f) self-generation by certain industrial, commercial and residential customers, (g) issues relating to the ability to issue tax-exempt obligations, (h) restrictions on the ability to sell to nongovernmental entities electricity from projects financed with outstanding tax-exempt obligations, (i) changes from projected future load requirements, (j) increases in costs, and (k) shifts in the availability and relative costs of different fuels. Any of these factors (as well as other factors) could have an effect on the financial condition of any given electric utility, including the Authority, and likely will affect individual utilities in different ways.

The Authority cannot determine with certainty what effects such factors will have on its business operations and financial condition, but the effects could be significant. Extensive information on the electric utility industry is available from sources in the public domain, and potential purchasers of the 2019A Bonds should obtain and review such information.

Environmental Matters

Both the EPA and the DHEC have imposed various environmental regulations and permitting requirements affecting the Authority's facilities. These regulations and requirements relate primarily to airborne pollution, the discharge of pollutants into waters and the disposal of solid and hazardous wastes. The Authority endeavors to ensure its

facilities comply with applicable environmental regulations and standards; however, no assurance can be given that normal operations will not encounter occasional technical difficulties or that necessary permits and authorizations will be received. Federal and state standards and procedures that govern control of the environment and systems operations can change. These changes may arise from legislation, regulatory action, and judicial interpretations regarding the standards, procedures and requirements for compliance and issuance of permits. Therefore, there is no assurance that units in operation, under construction, or contemplated will remain subject to the regulations that are currently in effect. Furthermore, changes in environmental laws and standards may result in increased capital and operating costs.

Air Quality

General Regulatory Requirements. The Authority is subject to a number of federal and state laws and regulations which address air quality. Pursuant to the Clean Air Act ("CAA"), as amended, the EPA promulgated primary and secondary national ambient air quality standards ("NAAQS") with respect to certain air pollutants, including particulate matter, ozone, SO_2 and nitrogen oxides ("NO_x"). These standards are to be achieved by the application of control strategies developed by the states and included in implementation plans which must be approved by the EPA to become effective. The DHEC has adopted a State Implementation Plan ("SIP"), which has been approved by the EPA, generally designed to achieve the primary and secondary air quality standards. The EPA also promulgated the New Source Performance Standards ("NSPS") regulations establishing stringent emission standards for particulate matter, SO_2 and NO_x emissions for fossil-fuel fired steam generators, and revised these standards in 1979 and 2005. Congress has enacted comprehensive amendments to the 1990 CAA, including the addition of a federal Acid Rain program to deal with acid precipitation. The Authority is in compliance with these regulatory requirements.

Evolving Regulatory Requirements

Greenhouse Gases. The EPA in 2009 found that by causing or contributing to climate change, greenhouse gases ("GHGs") endanger both the public health and the public welfare of current and future generations. Based on this finding, in October 2015, the EPA has proposed new source performance standards for emissions of carbon dioxide ("CO_2") for new fossil fuel-fired electric utility generating units ("EGUs") constructed for the purpose of supplying more than 25MW net electric output. Petitions were filed for judicial review of these standards but in August 2017 the U.S. Court of Appeals for the District of Columbia held the case in abeyance pending EPA's review of the standards. In December 2018, EPA proposed to revise the new source performance standards for new fossil fuel-fired EGUs to clarify that newly constructed coal-fired power plants are not required to implement partial carbon capture and storage.

On August 3, 2015, the EPA announced the final Clean Power Plan ("CPP") Rule for New, Existing and Modified and Reconstructed Electric Generating Units. This rule was published in the Federal Register on October 23, 2015 and was to become effective December 22, 2015. On February 8, 2016, the U.S. Supreme Court issued a stay of the Clean Power Plan Rule, halting implementation of the rule pending the resolution of legal challenges. On August 21, 2018, the EPA proposed a replacement rule for the CPP Rule, the Affordable Clean Energy ("ACE") Rule, which would establish emission guidelines for states to develop plans to address GHG emissions from existing coal-fired power plants. On June 24, 2019, EPA issued the final ACE Rule which establishes heat rate improvement ("HRI") measures as the best system of emissions reduction ("BSER") for CO_2 emissions from existing coal-fired EGUs. The CPP Rule was subsequently repealed. ACE requires that states establish unit-specific "standards of performance" as part of a state plan and requires the state plans to be submitted within three years of the date of the final rule. The Authority is currently providing information to the DHEC as they develop unit-specific standards for the State plan.

The Authority has already adopted most of the proposed HRI measures at the Cross and Winyah Generating Stations, thus any compliance costs are assumed to be minimal (<$10 million) pending development of the State plan, although nothing is currently included in capital budgets for these efforts as requirements are uncertain.

Water Quality

General Regulatory Requirements. The Authority is subject to a number of federal and state laws and regulations which address water quality. The Clean Water Act ("CWA") prohibits the discharge of pollutants, including heat, from point sources into waters of the United States, except as authorized in the National Pollutant Discharge Elimination System ("NPDES") permit program. The DHEC has been delegated NPDES permitting authority by the EPA and administers the program for the State. Industrial wastewater discharges from all stations and the regional water plants are governed by NPDES permits. The DHEC also has permitting authority for stormwater discharges and the Authority manages stormwater pursuant to the DHEC issued Industrial General Permits and Construction General Permits.

Evolving Regulatory Requirements

316(b) Fish Protection Regulations. Section 316(b) of the CWA, which became effective on October 15, 2014 requires that NPDES permits for facilities with cooling water intake structures ensure that the structures reflect the Best Technology Available ("BTA") to minimize adverse environmental impacts from impingement and entrainment of fish and egg larvae. No changes are expected to be required to the existing Cross, Winyah, and Rainey intake structures. The DHEC may require testing at the Winyah and Rainey Generating Stations, and the potential exists for additional compliance costs related to this testing, but these costs are assumed to be minimal.

Effluent Limitation Guidelines. The NPDES Steam Electric Effluent Limitation Guidelines ("ELG") rule became effective on January 4, 2016. It applies to selected waste streams at all existing steam electric units greater than 50 MWs (other than oil-fired) and is to be phased in as soon as possible beginning November 1, 2018, but no later than December 31, 2023, via the reissuance of generating station NPDES permits. New standards for new sources are also included. The EPA revised the ELG rule to require compliance starting on November 1, 2020. In April 2019, the U.S. Court of Appeals for the Fifth Circuit remanded portions of the ELG rule because it determined that some on the standards were not sufficiently stringent. EPA has stated that it intends to propose revisions to the ELG rule by December 2019. The guidelines propose stricter performance standards that will require upgrades and installation of additional wastewater treatment systems for Winyah and Cross Generating Stations. Implementation of some parts of the rule have been delayed by the EPA as the new rule is being developed. Construction on many of the treatment systems and equipment required to comply with the original rule is substantially complete, and all constructed facilities are planned to be in operation in 2020. Remaining expenditures are expected to be required for the treatment of flue gas desulfurization wastewater, and the Authority is awaiting issuance of the new rule, expected in mid-to-late 2020, in order to establish design requirements. Station retirements have the potential to lower any remaining costs. Due to the uncertainty of remaining requirements, no additional funds are currently included in capital budgets.

Waters of the U.S. ("WOTUS"). On June 29, 2015, the EPA and Corps published the final rule that defined WOTUS which became effective August 28, 2015. The final rule would result in more water features being regulated as WOTUS, requiring additional permitting and mitigation. On October 9, 2015, the U.S. Court of Appeals for the Sixth Circuit issued an order staying the WOTUS rule nationwide pending completion of the Court's review of the rule. On February 28, 2017 an Executive Order was issued directly by the EPA and the Corps to initiate a rulemaking that would rescind the current WOTUS rule and replace it with a rule that most likely would narrow the regulatory scope of the CWA. This executive action required the EPA and the Corps to undertake additional rulemaking. On September 12, 2019, the two agencies made available a pre-publication copy of the new rule which will repeal the 2015 rule. The Authority submitted comments to the proposed rule and continues to monitor the administrative and legal activity concerning the various rules. The Authority cannot fully estimate the potential cost of compliance due to the current regulatory status of the rule, but the new rule is expected to require less cost of compliance than the prior rule.

Drinking Water

The Authority continues to monitor for Safe Drinking Water Act regulatory issues impacting drinking water systems at the Authority's Regional Water Systems, generating stations, substations and other auxiliary facilities. The DHEC has regulatory authority for potable water systems in the State. The State Primary Drinking Water Regulation, R.61-58, governs the design, construction and operational management of all potable water systems in the State subject to and consistent with the requirements of the Safe Drinking Water Act and the implementation of federal drinking water regulations.

Solid and Hazardous Waste and Hazardous Substances

General Regulatory Requirements. The Authority is subject to a number of federal and state laws and regulations which address hazardous substances and wastes. The Resource Conservation and Recovery Act ("RCRA"), under Subtitle C, is the overarching regulation which provides the framework for proper management of hazardous waste including hazardous waste identification, classification, generation, storage, transportation, and disposal. Additional regulations that impact solid and hazardous waste and substances are: the CWA, which imposes substantial penalties for spills of oil or Federal EPA-listed hazardous substances into water and for failure to report such spills; the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), which provides for the reporting requirements to cover the release of hazardous substances generally into the environment and imposes liability upon any generators, transporters or arrangers of disposal of hazardous substances; and the CERCLA and Superfund Amendments and Reauthorization Act ("SARA"), which require compliance with programs for emergency planning and public information, and the Department of Transportation's ("DOT") Hazardous Materials Transportation Act ("HMTA"), which governs the safe transportation of hazardous materials, substances and waste. Additionally, the EPA regulations under the Toxic Substances Control Act impose stringent requirements for labeling, handling, storing and disposing of polychlorinated biphenyls ("PCB") and associated equipment. There are regulations covering PCB notification and manifesting, restrictions on disposal of drained electrical equipment, and spill cleanup record-keeping requirements. The Authority has a comprehensive PCB management program in response to these regulations.

Evolving Regulatory Requirements

Coal Combustion Residuals ("CCR") Rule. The Authority generates solid waste when coal is combusted to produce electricity, the vast majority of which is fly ash, bottom ash, scrubber sludge and gypsum. These wastes, known as Coal Combustion Residuals, are regulated as a RCRA Subtitle D, nonhazardous waste. The CCR Rule establishes criteria that trigger closure for landfills and surface impoundments, including location, design and construction and also specific targets for groundwater monitoring results. The Authority's Class 3 landfills are located, designed, and constructed to meet CCR requirements for continued operation. Regarding surface impoundments, all of the Authority's CCR ponds triggered closure because of location, and plans are underway to close these impoundments. The CCR Rule also establishes operating and monitoring requirements, and the Authority is in full compliance with all requirements including maintaining required postings on the Authority's CCR internet site.

The EPA plans to issue multiple additional CCR rulemakings in 2019 and 2020. The first rulemaking was issued August 14, 2019 which included pending revisions to the CCR website, beneficial use storage and groundwater monitoring and reporting requirements. The second rulemaking may include a revision to the deadline to initiate CCR pond closures. The CCR Rule's current deadline for closing CCR ponds is October 31, 2020, and any change to this date will alter timing of closure activities. Other rulemakings will likely follow and will be monitored to address any requirements that impact the Authority.

Pond Closures. The Authority has ash and gypsum slurry ponds at Grainger, Winyah, Cross and Jefferies generating Stations. Closure plans for the Grainger and Jefferies Generating Station ash ponds and for the Winyah West Ash Pond have been approved by the DHEC and closure is in progress, with regulatory deadlines of 2023, 2031 and 2030, respectively. These ponds are not subject to the CCR Rule. The ponds at Cross and the remaining ponds at Winyah are subject to the CCR Rule's closure requirements. Two ponds, Winyah Slurry Pond 2 and the Cross Gypsum Pond, have completed closure in accordance with the DHEC's requirements. Plans are being developed and implemented to facilitate closure of the remaining ponds by the regulatory deadlines. The ponds will be closed through excavation and beneficial use of materials or through industrial Class 3 solid waste landfills on-site. Costs for pond closure are expected to continue at least through 2031 and estimates of remaining costs exceed $316 million.

Beneficial Use of Coal Combustion Products. Coal Combustion Residuals that can be beneficially reused are considered Coal Combustion Products ("CCP"), and include fly ash, bottom ash, and flue gas desulfurization products such as gypsum. The Authority has entered into contracts for the beneficial use of CCPs and continually looks for new markets for excess quantities. The Authority provides synthetic gypsum to American Gypsum for their wallboard production requirements. Gypsum is also marketed to cement companies and ponded gypsum is reclaimed and marketed for agriculture. Additionally, ash is reclaimed from the Authority's ash ponds for use in the cement industry, dry fly ash is recovered directly from the operating units for use in the cement industry, and bottom ash is beneficially used by concrete block manufacturers to produce concrete block.

Industrial Solid Waste Landfills. At Cross and Winyah Generating Station, dry CCRs which are not beneficially used are disposed of in industrial Class 3 solid waste landfills. The Cross Class 3 landfill began operation January 1, 2016 and the Winyah Class 3 landfill began operation November 1, 2018. These landfills are permitted to receive the Authority CCR waste from any Authority coal-fired units or CCR ponds to support ash pond closure and compliance with the CCR Rule. A Class 2 landfill at Cross Station was certified closed on February 29, 2017 in accordance with state and federal regulations. Additional landfill cells for both the Cross and Winyah Class 3 landfills are already permitted and will be constructed as the existing cells are filled and closed in order to provide ongoing landfill capacity.

FERC Hydro Licensing

The Authority operates its Jefferies Hydro Station and certain other property, including the Pinopolis Dam on the Cooper River and the Santee Dam on the Santee River, which are major parts of the Authority's integrated hydroelectric complex, under a license issued by the FERC pursuant to the Federal Power Act ("FPA"). The FERC license includes oversight of project activities such as Dams and Dikes Maintenance, Shoreline Management, Forestry Management, Mosquito Control, Water Quality Monitoring, and Aquatic Plant Management, conducted in cooperation and partnership with DHEC, the South Carolina Department of National Resources (the "DNR"), the U.S. Fish and Wildlife Service (the "USFWS"), and the National Marine Fishery Service ("NMFS"). The project is currently undergoing relicensing and a Notice of Intent ("NOI") to relicense was filed with the FERC on November 13, 2000. The final license application was submitted March 12, 2004. Due to a number of Additional Information Requests, the relicensing process has extended beyond the license expiration date. The FERC has issued a standing annual license renewal until a final license is issued.

The FERC issued its Final Environmental Impact Statement ("EIS") in October 2007. The DNR, the USFWS and the Authority jointly signed and filed a settlement agreement in May 2007 with the FERC that among other things, identifies fish passage and outflow guidelines during the term of the next license. The NMFS chose not to join in the settlement agreement and in July 2019 submitted draft documents for mandatory fishway conditions under Section §18 of the FPA, flow recommendations under Section §10 of that Act, and a biological opinion for endangered shortnose and Atlantic sturgeon under Section 7 of the Endangered Species Act ("ESA"). The Authority is prepared to submit comments to the FERC on the NMFS draft documents at the end of October 2019.

The Authority cannot predict the final scope, timing, or general outcome of the FERC relicensing process. Total implementation costs are estimated to be between $84 million and $179 million.

NERC Regulation

NERC establishes and enforces reliability standards which include operating and planning standards as well as critical infrastructure protection standards for the Bulk Electric System. Compliance with these standards is mandatory. Though the Authority has not received any major fines, the maximum penalty that may be levied for violating a NERC Reliability Standard is $1 million per violation, per day. The Authority has self-reported violations of NERC Reliability Standards and paid fines, the most recent in 2016 totaling approximately $45,000. The Authority has formal programs, processes, and policies in place to promote compliance with these standards, including a NERC Compliance and Coordination Unit. However, it is not possible to predict whether the Authority will have future violations or what the fines for such violations might be.

Nuclear Matters

Summer Nuclear Unit 1 is subject to regulation by the NRC. Dominion and the Authority were required to obtain liability insurance and a United States Government indemnity agreement for Summer Nuclear Unit 1 in order for the NRC operating license to be issued. This primary insurance and the retrospective assessment are to insure against the maximum liability under the federal Price-Anderson Act for any public claims arising from a nuclear incident. The Energy Policy Act of 2005 extends the Price-Anderson Act until 2025.

The NRC requires that a licensee of a nuclear reactor provide minimum financial assurance of its ability to decommission its nuclear facilities. In compliance with the applicable NRC regulations, the Authority established an external trust to comply with the NRC regulations and began making deposits into the external decommissioning fund in September 1990.

In addition to providing for the minimum requirements imposed by the NRC, the Authority established in 1983 an internal decommissioning fund. Based on the most recent decommissioning cost estimates developed by Dominion, both the internal and external funds, which had a combined market value of approximately $209 million at December 31, 2018, along with future deposits, investment earnings, and credits from DOE reimbursements for spent fuel storage costs, are estimated to provide sufficient funds for the Authority's one-third share of the total estimated decommissioning cost (approximately $415 million in 2016 dollars).

NRC Post-Fukushima Requirements. In March 2011, a major earthquake and tsunami struck Japan and caused substantial damage to the nuclear generating units at the Fukushima Dai-ichi generating plant. This resulted in the NRC issuing various orders requiring U.S. nuclear operators to undertake plant modifications or perform additional analyses that, among other things, have resulted in increased capital and operating costs associated with operating Summer Nuclear Unit 1, some of which have been material. As of August 31, 2019, the Authority has spent $24.4 million to respond to these orders and expects an ongoing cost of $90,000 per year to comply with the post-Fukushima Dai-ichi orders.

Legislative Matters

The Authority has been subject to review and evaluation by the South Carolina General Assembly for several years.

In December 2015, the South Carolina General Assembly began a legislative review of the Authority for its statutory compliance and strategic direction by a joint committee pursuant to the South Carolina Restructuring Act of 2014, which provides for general oversight studies of state agencies by the state legislature. The committee was called the Joint Legislative Oversight Committee on the South Carolina Public Service Authority. This oversight review was suspended on April 18, 2017 due to events involving Summer Nuclear Units 2 and 3 and their implications for the Authority. The joint committee has not met since that suspension.

In the Fall of 2017, a series of successive legislative committees met to evaluate and review the nuclear project and, in turn, the Authority and its future. The State's House of Representatives created the Utility Ratepayer Protection Committee (URPC) to investigate the Summer Nuclear Units 2 and 3. URPC held four public meetings. The last public meeting for URPC was October 23, 2017. The State's Senate also created the VC Summer Nuclear Review Committee to investigate Summer Nuclear Units 2 and 3, and it held six public meetings. The last public meeting for the Senate review committee was January 16, 2018. Then, in the 2018-2019 annual appropriations bill, the South Carolina General

Assembly created the Public Service Authority Evaluation and Recommendation Committee ("PSAERC"). The PSAERC consisted of four Senators, four House Members and the Governor. The PSAERC was charged with conducting a review and evaluation of whether to sell or retain the Authority. The PSAERC met six times from August 7, 2019 to March 2019. The proviso authorizing the PSAERC expired on June 30, 2019. Finally, the State's Senate formed the South Carolina Senate Select Committee on Santee Cooper. The select committee held six meetings from March 5, 2019 to April 24, 2019.

After these reviews, the South Carolina General Assembly agreed to establish a new process for the review and evaluation of the Authority. On May 22, 2019, the Governor signed Act No. 95 of 2019 (H.4287), a joint resolution that was passed by the South Carolina General Assembly.

Act 95 directs the State's Department of Administration (the "DOA") to conduct a competitive bid process in order to allow the State's General Assembly to consider options to sell, manage or reform the Authority. Under Act 95, the DOA must provide a report to the South Carolina General Assembly on January 15, 2020, which may be extended for up to sixty days, with a recommendation by its experts of the best purchase and management proposals it receives along with a reform proposal submitted by the Authority. Under Act 95, the respective House and Senate committees of jurisdiction must make a recommendation to their respective legislative bodies as to the sale, management or reform of the Authority within 30 days. The 2020 regular session of the South Carolina General Assembly runs from Tuesday, January 14, 2020, until Thursday, May 14, 2020, and discussions and debate related to the Authority and its future are expected throughout the 2020 legislative session.

As of September 2019, the DOA has hired expert consultants to assist it with its responsibility to conduct a competitive bid process under Act 95. These experts include its lead financial advisor Moelis & Company, its legal advisor Gibson, Dunn and Crutcher, LLP, and energy advisor Energy + Environmental Economics (E3). The DOA's competitive bid process is intended to be confidential until the DOA issues its report to the South Carolina General Assembly on January 15, 2020.

The South Carolina General Assembly may also consider other existing or introduced legislation related to the Authority as it works towards its adjournment on May 14, 2020, or through any extension of the session. Several bills relating to the Authority were introduced during the 2019 legislative session that will be carried over into the 2020 legislative session. Such bills include: (i) bills pending in the House of Representatives proposing to: (a) create several new consumer advocate protections for the customers of regulated investor-owned utilities and change the qualifications for the Authority's Board (H.3408); (b) impose a number of reforms for the Authority including: (1) new qualifications for the Board; (2) the election of seven of the Authority's twelve Board members by the General Assembly instead of by appointment by the Governor; (3) a new requirement to gain approval by the PSC for large capital projects; (4) a codified rate procedure for the Authority's Board; (5) a requirement to livestream Board meetings; and (6) the creation of a standing legislative oversight committee to regularly review the Authority's operations and performance (H.4261); and (c) require that an economic impact study be completed prior to any sale of the Authority (H.4419); and (ii) bills pending in the Senate proposing to: (a) limit the Governor's ability to make certain interim Board appointments when the legislature is not in session (including appointments to the Board) (S.1); (b) remove the Governor's ability to require the resignation of a director of the Authority (S.115); and (c) require the General Assembly to review and approve any proposed sale or management of the Authority (S.697).

LITIGATION

Except as noted below, there are no actions, suits, or governmental proceedings pending or, to the knowledge of the Authority, threatened before any court, administrative agency, arbitrator or governmental body which would, if determined adversely to the Authority, have a material adverse effect on the Authority's financial condition, or the Authority's ability to transact its business or meet its obligations under the Revenue Obligation Resolution. The Authority is vigorously defending any liability in all pending litigation; however, the cases are subject to trial by jury or judge, which serves as the final trial trier of facts and awards. Alternatively, the Authority may decide to enter into settlement negotiations to resolve such disputes. The Authority is unable to predict the outcome of the matters described below. Adverse decisions or determinations could delay or impede the Authority's operation or construction of its existing or planned projects, and/or require the Authority to incur substantial additional costs. Such results could materially adversely affect the Authority's revenues and, in turn, the Authority's ability to pay debt service on its bonds, including the 2019A Bonds.

Nuclear Litigation

Class Actions

(a) Jessica S. Cook et al. v. Santee Cooper, Santee Cooper's Board of Directors (certain former and current Directors named), SCE&G, SCANA Corporation, SCANA Services, Inc., Palmetto Elec. Coop., & Central Electric. Power Coop.:

Plaintiff filed this putative class action in the Hampton County Court of Common Pleas on August 22, 2017, in connection with the Authority's decision to suspend construction of Summer Nuclear Units 2 and 3. Numerous amended complaints, responsive pleadings and cross-claims have been filed in the action since its inception, up to and including the Fifth Amended Complaint described below.

On February 16, 2018, the Plaintiffs filed a motion for class certification. The proposed class is alleged to include all customers of the Authority and of electric cooperatives who paid utility bills that included "pre-construction, capital, in-service, construction, interest, and other pre-operational costs associated with Summer Nuclear Units 2 and 3 from January 1, 2007, to the present."

On March 21, 2019, the Court entered a scheduling order. The Authority subsequently filed a motion to extend all deadlines in the scheduling order.

The Plaintiffs filed the Fifth Amended Complaint on July 25, 2019. The Fifth Amended Complaint asserts nine claims against the Authority: (1) declaratory judgment that rates were not statutorily authorized; (2) breach of contract or breach of implied contract (direct customers); (3) unconstitutional taking; (4) violation of due process (direct customers); (5) negligence and/or gross negligence; (6) breach of contract or breach of implied contract (cooperative customers); (7) unjust enrichment/money had and received; (8) constructive trust (over the payment received under the Toshiba Settlement Agreement, any profits, performance bonuses, retirement packages, and other benefits, any sale profits, and previously-paid rates); and (9) equity. All of Plaintiffs' claims seek repayment of the amounts paid by ratepayers attributable to Summer Nuclear Units 2 and 3 under statutory, contract, tort, and equitable theories. The Fifth Amended Complaint also includes allegations that the Authority agreed to sell a 5% interest in Summer Nuclear Units 2 and 3 to SCE&G, declaring this portion of ownership unnecessary for the Authority's purposes, and thereafter improperly continued to fund costs for that portion of the project. Plaintiffs also assert claims against the Board for breach of their statutory and fiduciary duties, unjust enrichment, constructive trust, and equity.

On August 16, 2019, the Authority and its directors filed their answer to the Fifth Amended Complaint and the Authority asserted cross-claims against Central and Palmetto Electric Cooperative, Inc. ("Palmetto"), one of the Central Cooperatives, seeking a declaratory judgment regarding the rights of the parties under the Act. The Authority also filed a Third Party Complaint against the Electric Cooperatives of South Carolina ("ECSC"), the statewide service and trade association for electric cooperatives in the State, and asserted cross-claims against Central and Palmetto seeking a declaratory judgment regarding the rights of the Authority and Central under the Central Agreement, which is the contract governing Central's purchase of energy and power from the Authority. The Authority also asserted cross-claims against SCE&G for (1) breach of contract accompanied by fraudulent act; (2) gross negligence; (3) breach of fiduciary duties; (4) breach of contract accompanied by bad faith; (5) waste; (6) contractual indemnification; and (7) equitable indemnification.

Plaintiffs also asserted claims against Palmetto, Central, SCANA, SCE&G, and SCANA Services.

On August 9, 2019, Central filed its answer to plaintiffs' Fifth Amended Complaint and asserted the following cross-claims against the Authority and its directors: (1) declaratory judgment that the Authority breached its statutory duties; (2) breach of the Central Agreement by the Authority; (3) constructive trust (over the payment received from Citibank under the Assignment and Purchase Agreement); (4) breach of statutory duties by the Authority's directors; and (5) contractual indemnification pursuant to the Central Agreement. The Authority and its directors filed their answer to Central's cross-claims on September 3, 2019.

If Central were to successfully obtain a judgment that the Authority is not entitled to recover costs of Summer Nuclear Units 2 and 3 from Central under the calculation methodology set forth in the Central Agreement, such result would materially adversely affect the Authority's revenues. It is not known at this time whether the Authority would be able to

increase rates to the Authority's other customers to make up for such a revenue shortfall. In addition, Central has claimed that the Authority must refund amounts that Central has already paid to the Authority for costs of Summer Nuclear Units 2 and 3, as well as a portion of the proceeds the Authority received under the Toshiba Settlement Agreement. Such a monetary judgment in favor of Central could adversely affect the Authority's liquidity. Such a revenue shortfall and adverse effect on the Authority's liquidity would result in a failure by the Authority to pay debt service on its Revenue Obligations and the occurrence of an event of default under the Revenue Obligation Resolution.

In addition to seeking a declaration that the Authority would not have the right to include the Authority's costs of Summer Nuclear Units 2 and 3 in the rates charged to Central in the future, Central also seeks compensation for past sums it has paid to the Authority for such costs. Such past costs have been estimated to be in excess of $430 million through 2018. Central also alleges a constructive trust should be imposed on what it refers to as the "Citibank Payment," contending that this Citibank Payment amounts to $831.2 million, and requests an order directing the Authority to pay 70% of this amount to Central.

Also on August 9, 2019, Palmetto filed its answer to Plaintiffs' Fifth Amended Complaint and asserted seven cross-claims against SCANA, SCE&G, the Authority, and the Authority's directors. Three of the cross-claims are asserted against all defendants: (1) negligence; (2) unjust enrichment; and (3) equity. Three of the cross-claims are asserted solely against the Authority: (1) taking; (2) declaratory judgment that the Authority breached its statutory duties for charging rates for facilities that are not used and useful and establishing rates that were not just and reasonable; and (3) constructive trust with respect to the sum of $831.2 million allegedly paid to Santee Cooper by Citibank. Finally, Palmetto asserted one cross-claim against the Authority's directors for a declaratory judgment that they breached their statutory duties for charging rates that are not just and reasonable. The Authority's and directors' answer to Palmetto's cross-claims was filed on September 27, 2019.

On September 11, 2019, the State's Supreme Court issued an order reassigning to a new judge jurisdiction over all outstanding and future litigation of customer-related claims for reimbursements or refunds of monies paid in the form of increased utility rates related to the construction and abandonment of the Summer Units 2 and 3. Pursuant to the Supreme Court's order, the judge is vested with exclusive jurisdiction to hear and resolve all pretrial motions and matters in any case that may arise statewide, and upon the conclusion of pretrial matters the judge may preside over the trial of the case or assign the trial to another judge. The Supreme Court also ordered that the judge may require mediation of any case as deemed appropriate.

On October 8, 2019, the judge convened a motions hearing and scheduling conference. At the hearing the judge tentatively set the trial to begin on February 24, 2020. She also heard several pending motions. The judge granted Plaintiffs' motion for class certification and granted the Authority's and SCE&G's motion to change venue from Hampton County, stating her intention to transfer the case to one of three counties in the upper part of the state, Anderson, Greenville or Spartanburg. She stayed SCE&G's motion to compel arbitration the Authority's cross-claims against SCE&G and granted the Authority's motion to sever from the trial of the case and to stay Central's claims against. Discovery is ongoing.

The Court convened mediation proceedings on October 14, 2019, and the parties participated in mediation for two days. The mediation was adjourned without resolution of the pending claims.

On October 30, 2019, the judge entered a directive to the parties (the "Directive"), determining that mediation was not successful due to an impasse, and that plaintiff's counsel shall prepare an order for the judge's signature that the case shall be certified as a class action. The judge's Directive further required that the Authority's counsel shall prepare an order for the judge's signature that (a) the case shall be transferred to the court in Greenville County for a three week trial beginning February 24, 2020; (b) the Central Electric and Palmetto Electric Co-op claims against the Authority, and the Authority's claims against Central Electric and Palmetto Electric Co-op, are severed and stayed pending trial of the Cook case; and (c) staying until after trial the Court's ruling on SCANA's motion to compel arbitration of the Authority's claims against SCANA. Finally, the judge's Directive stated that the judge will rule on November 12, 2019 on any then remaining pending motions.

If the plaintiffs were to prevail in the foregoing actions, the Authority believes its liability for potential damages, coupled with its inability to include the costs of Summer Nuclear Units 2 and 3 in the rates that the Authority charges Central, would have a material adverse impact on the Authority's ability to meet its obligations under the Revenue

Obligation Resolution, specifically the Authority's ability to pay debt service on the Authority's Bonds, including the 2019 Bonds.

(b) Timothy Glibowski et al. v. SCANA, SCE&G, Santee Cooper, et al.

Plaintiffs filed this putative class action in the Beaufort Division of the United States District Court for the District of South Carolina on January 31, 2018. The Plaintiffs filed an amended complaint on April 23, 2018 adding the Authority as a defendant. The Plaintiffs' claims arise from the Authority's decision to suspend construction of Summer Nuclear Units 2 and 3. The action is being brought on behalf of a putative class of persons comprised of SCANA customers, Authority customers and Central Cooperative customers who were charged and paid advance charges for costs associated with the construction of the units from 2007 to the present.

Amended complaints have been filed in this action since its inception, up to and including a Third Amended Complaint filed on July 30, 2019. The Third Amended Complaint asserts RICO and RICO Conspiracy claims against SCANA, SCE&G, SCANA's officers, the Authority and the following employees of the Authority: Lonnie Carter (now retired), Marion Cherry, and Michael Crosby, as well as a takings claim against the Authority. Plaintiffs seek actual damages, treble damages under RICO, and attorneys' fees. Specifically, (i) under the RICO and RICO conspiracy claims, the plaintiffs allege that the class lost over $2.5 billion and seek damages in an amount to be determined at trial, but no less than this amount, and (ii) under the takings claim, the plaintiffs allege that the Authority has taken over $540 million from the class and seek the return of this amount. The Authority and its employees filed a motion to dismiss the complaint on August 20, 2019. As of the date of this Official Statement, no ruling has been made to date in respect to the Authority's motion to dismiss.

On September 4, 2018, the Authority filed a motion asking the court to certify two questions to the S.C. Supreme Court: (1) whether the Authority is required by law to fix, maintain, and collect charges at rates sufficient to provide for payment of all its expenses, the conservation, maintenance and operation of its facilities, the payment of principal and interest on its debt, and the fulfillment of its obligations to holders of bonds and other debt – including the costs, expenses, and obligations associated with Summer Nuclear Units 2 and 3; and (2) whether the Authority is immune from plaintiffs' claims for money damages under the doctrine of sovereign immunity and the State's Tort Claims Act. As of the date of this Official Statement, no ruling has been made to date in respect to the Authority's motion requesting certification.

(c) Murray C. Turka v. South Carolina Public Service Authority and Lonnie Carter.

Plaintiff filed this putative class action in the Charleston Division of the United States District Court for the District of South Carolina on April 15, 2019. The action asserts securities law claims against the Authority and Mr. Carter under Section 10(b) and Rule 10b-5 of the Exchange Act and against Mr. Carter under Section 20(a) of the Exchange Act the arising out of alleged misrepresentations made in the Authority's mini-bond offering documents regarding the status of Summer Nuclear Units 2 and 3. Specifically, the plaintiff alleges that the disclosure statements in the mini-bond offerings understated the extent of the risks associated with construction of Summer Nuclear Units 2 and 3 and that as a result the interest rate on the mini-bonds was artificially deflated. Plaintiff further alleges that if he had known the interest rate on the mini-bonds had been artificially deflated, he would not have purchased the mini-bonds. The proposed class includes purchasers of the Authority's mini-bonds from August 23, 2013 to July 31, 2017. The Authority and Carter moved to dismiss the Complaint on July 12, 2019. As of the date of this Official Statement, no ruling has been made to date in respect to this motion to dismiss.

Other Actions

(a) Westinghouse Electric Company, LLC, as reorganized v. South Carolina Public Service Authority.

On April 5, 2019, Westinghouse filed an adversary proceeding complaint in the United States Bankruptcy Court for the Southern District of New York against the Authority, claiming that it is the owner of and has title to certain equipment related to the construction of Summer Nuclear Units 2 and 3 pursuant to the EPC Agreement. The scheduling order entered by the Court upon agreement by the parties is expedited, such that discovery, summary judgment briefing, and pretrial activities are to be completed by December 20, 2019, and a pretrial conference is scheduled to be held the week of January 13, 2020. On August 21, 2019, the Authority answered Westinghouse's complaint and brought counterclaims against Westinghouse for declaratory judgment and to quiet title to the equipment.

(b) South Carolina Public Service Authority v. Westinghouse Electric Company, LLC, Brookfield Business Partners, L.P., et. al.

On May 14, 2019, the Authority filed an action in the United States District Court for the District of South Carolina to quiet title and for declaratory judgment against the defendants regarding certain equipment related to Summer Nuclear Units 2 and 3. The equipment in question is also the subject of Westinghouse's adversary proceeding complaint discussed above. The Authority claims that it has legal title to the equipment as a result of its performance under the EPC Agreement as well as equitable theories. The Authority is requesting the Court issue an order finding that the Authority, as opposed to any other entity or individual, with the exception of Westinghouse, has clear title to the equipment, which necessarily includes certain certification documentation. Given the order in the SDNY Bankruptcy Court adversary proceeding discussed above, the Authority has dismissed Westinghouse without prejudice. While the Authority has perfected service on all defendants, including the unknown defendants by publication, the remaining defendants have not yet answered the Authority's complaint.

(c) State of South Carolina Department of Revenue – Sales Tax Audit

On January 26, 2018, the DOR notified SCE&G that the sales and use tax returns for Summer Nuclear Units 2 and 3 had been selected for audit. Subsequently, the DOR determined that because Summer Nuclear Units 2 and 3 were not completed and would not produce electricity, the materials for Summer Nuclear Units 2 and 3 were no longer entitled to exemption from State sales taxes. On May 31, 2018, the DOR issued its Proposed Notice of Assessment in the approximate amount of $421 million, identifying SCE&G as the taxpayer.

DOR calculates interest on unpaid assessments from the date the assessment was due until the assessment is paid in its entirety, at a fluctuating interest rate determined by DOR from time to time, compounded daily. The DOR is also empowered to charge certain penalty payments, though no such penalty payments have been asserted to date.

On October 1, 2018, each of SCE&G and the Authority, acting on its own behalf and asserting its separate defenses, submitted a protest to the Notice of Proposed Assessment. Following attempted mediation, on May 14, 2019, the DOR issued a Department Determination affirming its assessment.

On June 12, 2019, SCE&G (now Dominion) filed a request for a contested hearing with the State's Administrative Law Court, to which the DOR filed a timely response. On October 8, 2019, both parties filed with the court a Consent Scheduling Order, setting the due date for dispositive motions for August 14, 2020, and, if those motions are not filed or not successful, a hearing on the contested case on September 14, 2020.

The Authority has not sought to intervene in the contested hearing and has not been named by the DOR as a responsible party for the disputed payment. Nevertheless, if Dominion is ultimately held liable for such payment, it is likely Dominion will seek reimbursement from the Authority for forty-five percent of the amount. The Authority would deny and dispute any payment sought from it by Dominion but cannot predict the outcome of such a dispute, if any.

(d) V.C. Summer Governmental Inquiries

Various governmental entities have requested information related to Summer Nuclear Units 2 and 3. Specifically, the Authority received subpoenas for business records from the U.S. Securities & Exchange Commission and subpoenas from the U.S. Department of Justice seeking certain information. The Authority has also received information requests and directives to provide information from the Governor of the State, as well as legislative inquiries from the State's House of Representatives and Senate. The Authority continues to comply and cooperate with these subpoenas, information requests and directives and legislative inquiries.

(e) Potential Liability for SCE&G/Dominion Litigation

On October 20, 2011, the Authority and SCE&G (now Dominion) entered into a Design and Construction Agreement (the "DCA"), which set forth the terms and conditions of the parties' joint undertaking to construct Summer Nuclear Units 2 and 3, including contributing a proportionate share of the costs of Summer Nuclear Units 2 and 3 based on their respective ownership interests. Such costs included the cost of claims brought by third parties with respect to services provided by SCE&G in its role as agent for Summer Nuclear Units 2 and 3 under the DCA. SCE&G is currently

a named defendant in several lawsuits with respect to Summer Nuclear Units 2 and 3, including the *Cook*, *Glibowski* and DOR matters described above which also name the Authority as a defendant. Dominion asserts that, under the cost-sharing provisions of the DCA, the Authority may be liable for costs associated with such lawsuits against SCE&G, even if it is not a named defendant therein. To that end, on October 21, 2019, Dominion notified the Authority by letter of its intent to initiate an arbitration proceeding seeking contribution from the Authority for its share of litigation fees, costs, settlements and expenses relative to Summer Nuclear Units 2 and 3. The Authority is evaluating Dominion's claims set forth in the letter and will provide a timely response. Assuming Dominion were to prevail in such proceeding, the amount of the Authority's liability for its share of such fees, costs, settlements and expenses related to such litigation is unknown at this time.

Non-Nuclear Litigation

(a) Hearn v. South Carolina Public Service Authority

On August 16, 2017, Plaintiff George Hearn, on behalf of a putative class of retail customers, filed a class action complaint in Horry County alleging the Authority acted negligently when it decided to build the Pee Dee coal generating facility in Florence County and acted negligently when the decision to cancel construction of the facility was made and that the Authority was negligent in accounting for the Pee Dee assets. The specific claims in the complaint include breach of duty to ratepayers, breach of contract, declaratory judgment/injunctive relief, unjust enrichment, money had and received, affirmative injunctive relief, and violation of due process. Plaintiffs claim damages of approximately $600 million. The Authority filed a motion to dismiss and an order denying the same was entered on April 4, 2019. Discovery is ongoing and depositions are being scheduled.

(b) South Carolina Public Service Authority v. U.S. Army Corps of Engineers

The Authority filed a claim on October 2, 2015 against the COE seeking a determination that the Rediversion Contract between the Authority and the COE does not require the Authority to credit the COE for a capacity value surcharge and that the COE owes the Authority approximately $1.4 million in contract payments for 2015. The Rediversion Contract governs the operation of the St. Stephen Hydro Plant and the obligations of the parties related to the Plant's operations. The COE denied the claim and asserted the Authority was required to pay the credit and that a credit in the amount of $716,874 was due to the COE for 2015. The Authority appealed the decision to the Armed Services Board of Contract Appeals ("ASBCA") and the COE counterclaimed. The parties have asked the ASBCA to determine the rights under the contract. If the ASBCA determines that a credit is required, the parties will be required to attempt to determine the amount of the credit due to the COE for the remainder of the contract. If the parties do not reach an agreement, the court will make a determination of the amount. The parties briefed the issues in the summer of 2018 but no timetable for a decision has been provided by the ASBCA. The parties have attempted settlement discussions, but have been unsuccessful. Were the COE to prevail in this action, the estimated amount of the Authority's final payment to the COE, including interest at a yet-to-be-determined rate, is unknown at this time.

UNDERWRITING

The 2019A Bonds are being purchased from the Authority by BofA Securities, Inc. ("BofA Securities"), Barclays Capital Inc. ("Barclays") and American Veterans Group, PBC ("American Veterans Group") (BofA Securities, Barclays and American Veterans Group are collectively referred to as the "Underwriters"). The Underwriters are purchasing the 2019A Bonds at an aggregate purchase price equal to the par amount of the 2019A Bonds. In connection with the purchase of the 2019A Bonds, the Authority is paying the Underwriters a fee of $1,181,592 from available funds on hand. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all the 2019A Bonds if any 2019A Bonds are purchased.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the issuer and its affiliates in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps

and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

BofA Securities has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill"). As part of this arrangement, BofA Securities may distribute securities to Merrill, which may in turn distribute such securities to investors through the financial advisor network of Merrill. As part of this arrangement, BofA Securities may compensate Merrill as a dealer for their selling efforts with respect to the 2019A Bonds.

REMARKETING AGENT

The Remarketing Agent and its affiliates together comprise a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Remarketing Agent and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Authority for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Remarketing Agent and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans and/or credit default swaps) for its own account and for the accounts of its customers and may at any time hold long and short positions in such securities and instruments. Such investment securities activities may involve securities and instruments of the Authority. BofA Securities, Inc. is the initial Remarketing Agent.

FINANCIAL ADVISOR

The Authority has retained Public Financial Management, Inc., as Financial Advisor in connection with the issuance of the 2019A Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

TAX MATTERS

The 2019A Bonds

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the 2019A Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the 2019A Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the 2019A Bonds. Pursuant to the Revenue Obligation Resolution and the Tax Certificate executed in connection with the delivery of the 2019A Bonds, the Authority has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the 2019A Bonds from gross income for Federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority has made certain representations and certifications in the Revenue Obligation Resolution and the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the Authority described above, interest on the 2019A Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

Ancillary Tax Matters

Ownership of the 2019A Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the 2019A Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the 2019A Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the 2019A Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any Federal tax matters other than those described in the opinion attached as APPENDIX E. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2019A Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the 2019A Bonds for Federal or state income tax purposes, and thus on the value or marketability of the 2019A Bonds. This could result from changes to Federal or state income tax rates, changes in the structure of Federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the 2019A Bonds from gross income for Federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the Federal or state income tax treatment of holders of the 2019A Bonds may occur. Prospective purchasers of the 2019A Bonds should consult their own tax advisors regarding the impact of any change in law on the 2019A Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the 2019A Bonds may affect the tax status of interest on the 2019A Bonds. Bond Counsel expresses no opinion as to any Federal, state or local tax law consequences with respect to the 2019A Bonds, or the interest thereon, if any action is taken with respect to the 2019A Bonds or the proceeds thereof upon the advice or approval of other counsel.

State Income Taxes

Bond Counsel is of the further opinion that the 2019A Bonds and the interest thereon are exempt from all taxation by the State, its counties, municipalities and school districts except estate, transfer or certain franchise taxes. Interest paid on the 2019A Bonds is currently subject to the tax imposed on banks by Section 12-11-20, Code of Laws of South Carolina 1976, as amended, which is enforced by the South Carolina Department of Revenue as a franchise tax. The opinion of Bond Counsel is limited to the laws of the State and federal tax laws. No opinion is rendered by Bond Counsel concerning the taxation of the 2019A Bonds or the interest thereon under the laws of any other jurisdiction.

FINANCIAL STATEMENTS

The audited financial statements of the Authority for the years ended December 31, 2018 and 2017, attached as APPENDIX A to this Official Statement, have been audited by Cherry Bekaert LLP, independent certified public accountants, as stated in their audit report appearing therein. The audit report of Cherry Bekaert LLP relating to the Authority's financial statements for the years ended December 31, 2018 and 2017, which is a matter of public record, is included in such financial statements.

RATINGS

The 2019A Bonds are rated "A+/A-1" by S&P Global Ratings ("S&P"). The short-term rating is contingent upon, and will be based upon, the execution and delivery of the 2019A Letter of Credit. The ratings by S&P of the 2019A Bonds reflect only the view of such organization and any desired explanation of the significance of such ratings or other statements given by S&P with respect thereto should be obtained from S&P at the following address: S&P Global Inc., 55 Water Street, New York, New York 10041. The Authority has furnished to the rating agency information, including information not included in this Official Statement, about the Authority and the 2019A Bonds. Generally, a rating agency bases its rating and outlook on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings for the 2019A Bonds will continue for any given period of time or that any of such ratings will not be revised downward or withdrawn entirely by any of the rating agencies, if, in the judgment of such rating agency or agencies, circumstances so warrant. Those circumstances may include, among other things, changes in or unavailability of information relating to the Authority. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2019A Bonds.

APPROVAL OF LEGAL PROCEEDINGS

The issuance of the 2019A Bonds is subject to the opinion of Nixon Peabody LLP, New York, New York, Bond Counsel with respect to the validity and tax treatment of the 2019A Bonds, in substantially the form set forth in APPENDIX E attached hereto. Certain legal matters will be passed on for the Authority by J. Michael Baxley, Sr., the Authority's Senior Vice President and General Counsel, and for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York.

RELATIONSHIPS AMONG PARTIES

Bank of America, N.A., an affiliate of BofA Securities, Inc. which is serving as one of the Underwriters and the Remarketing Agent, will be the provider of the 2019A Letter of Credit securing payments of the principal of and interest on the 2019A Bonds.

CONTINUING DISCLOSURE

The Authority has authorized and will execute a Continuing Disclosure Agreement simultaneously with the delivery of the 2019A Bonds (the "Continuing Disclosure Agreement") to assist the Underwriters in complying with Rule 15c2-12. A proposed form of the Continuing Disclosure Agreement is included as APPENDIX F hereto.

Pursuant to the Continuing Disclosure Agreement, the Authority will covenant for the benefit of the Holders and the "Beneficial Owners" (as hereinafter defined) of the 2019A Bonds to provide certain financial information and operating data relating to the System by not later than six months (presently, by each June 30) after the end of each of the Authority's fiscal years, commencing with the report for the fiscal year ending December 31, 2019 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events with respect to the 2019A Bonds. The Annual Report will be filed by or on behalf of the Authority with the MSRB through its EMMA system. The notices of such enumerated events will be filed by or on behalf of the Authority with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in form of the Continuing Disclosure Agreement.

As provided in the Continuing Disclosure Agreement, failure by the Authority to comply with any provision of the Continuing Disclosure Agreement does not constitute an event of default under the Revenue Obligation Resolution; however, any Holder or Beneficial Owner of the 2019A Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Authority to comply with its obligations under the Continuing Disclosure Agreement. "Beneficial Owner" is defined in the Continuing Disclosure Agreement to mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2019A Bonds (including persons holding 2019A Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2019A Bonds for federal income tax purposes. If any person seeks to cause the Authority to comply with its obligations under the Continuing Disclosure Agreement, it is the responsibility of such person to demonstrate that it is a "Beneficial Owner" within the meaning of the Continuing Disclosure Agreement.

Except as described in this paragraph, the Authority represents that, in the previous five years, it has not failed to comply, in all material respects, with any previous undertaking in a written contract or agreement entered into under Rule 15c2-12. In 2014, the Authority inadvertently failed to file the notice of call for the 2013 Taxable Series D (LIBOR Index Bonds). These bonds were called December 1, 2014. Such notice was filed on March 24, 2015.

MISCELLANEOUS

The agreements of the Authority with the owners of the 2019A Bonds are fully set forth in the Revenue Obligation Resolution. This Official Statement is not to be construed as a contract with the purchasers of the 2019A Bonds. This Official Statement has been approved by the Board.

The information contained in this Official Statement has been compiled or prepared from information obtained from the Authority and other sources deemed to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct as of the date hereof. Any statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

By: /s/ Mark B. Bonsall
President and Chief Executive Officer

APPENDIX A

REPORT OF THE AUTHORITY'S FINANCIAL STATEMENTS

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Audit Committee Chairwoman's Letter

The Audit Committee of the Board of Directors is comprised of independent directors Peggy H. Pinnell – Chairwoman, Charlie M. Condon – ex officio, William A. Finn, Merrell W. Floyd, Charles H. Leaird and Stephen H. Mudge.

The committee receives regular reports from members of management and Internal Audit regarding their activities and responsibilities.

The Audit Committee oversees Santee Cooper's financial reporting, internal controls and audit process on behalf of the Board of Directors.

Periodic financial statements and reports pertaining to operations and representations were received from management and the internal auditors. In fulfilling its responsibilities, the committee also reviewed the overall scope and specific plans for the respective audits by the internal auditors and the independent public accountants. The committee discussed the company's financial statements and the adequacy of its system of internal controls. The committee met with the independent public accountants and with the General Auditor to discuss the results of the audit, the evaluation of Santee Cooper's internal controls, and the overall quality of Santee Cooper's financial reporting.

Peggy H. Pinnell
Chairwoman
2018 Audit Committee

Notes:
Chairman Condon joined the Santee Cooper Board of Directors and the Audit Committee on July 23, 2018. The term of the Board Chair expires on May 19, 2025. However, Chairman Condon was appointed as an Interim Appointment. Subsequently, on Jan. 29, 2019, he was renominated by the Governor to serve as Board Chair. He will serve as Interim Chairman until either the appointment is approved or until the end of the regular 2019 legislative session, whichever occurs first.

Director Leaird joined the Santee Cooper Board of Directors and the Audit Committee on June 28, 2018.

Director Wolfe resigned from the Santee Cooper Board of Directors on June 27, 2018.

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

The Advisory Board and Board of Directors
South Carolina Public Service Authority
Moncks Corner, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the South Carolina Public Service Authority (the "Authority") (a component unit of the State of South Carolina), as of December 31, 2018 and 2017, and for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Authority as of December 31, 2018 and 2017, and the respective changes in financial position and, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in Note 7 to the basic financial statements, significant events occurred in the prior year related to the Summer Nuclear Units 2 and 3 Project (the "Project"). The construction of the Project was suspended and the related capitalized assets were determined to be impaired and ultimately reclassified as a regulatory asset. In addition, a settlement was reached under a guarantee with the parent of the construction contractor, the amount of which has been classified under regulatory accounting as a deferred inflow. Also as result of the suspension of the Project, there is significant ongoing activity that is discussed in Notes 10 and 16 to the basic financial statements related to Legislative and Legal Matters. Our opinions are not modified with respect to these matters.

As discussed in Note 15 to the financial statements, the Authority adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions.* As a result, the Board approved the use of regulatory accounting to offset the initial net OPEB liability. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplemental financial data as listed in the table of contents ("RSI") be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements of the Authority's business-type activities and fiduciary activities. The Chairman and CEO Letter, Corporate Statistics, Audit Committee Chairwoman's Letter, Leadership, and Office Locations, as listed in the table of contents of the annual report, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in our audits of the financial statements and, accordingly, we do not express an opinion on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2019 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Raleigh, North Carolina
February 28, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

The South Carolina Public Service Authority ("the Authority" or "Santee Cooper") is a component unit of the State of South Carolina (the "State"), created by the State in 1934 for the purpose of providing and aiding interstate commerce, navigation, electric power and wholesale water to the people of South Carolina. The statute under which it was created provides that the Authority will establish rates and charges so as to produce revenues sufficient to provide for payment of all expenses, the conservation, maintenance and operation of its facilities and properties and the payment of the principal and interest on its notes, bonds, or other obligations; provided, however, that prior to putting into effect any increase in rates the Authority shall give at least a sixty-day notice of such increase to all customers who will be affected.

The Authority's assets include wholly owned and ownership interests in a variety of coal, natural gas, nuclear, hydro, biomass, landfill and solar generating units totaling 5,112 megawatts (MW) of summer power supply peak capability. This consists of 3,500 MW of coal-fired capacity, 1,117 MW of natural gas and oil capacity, 322 MW of nuclear capacity, 142 MW of hydro capacity, 29 MW of landfill methane gas capacity and 2 MW of solar capacity. The Authority implemented a plan in 2018 to un-idle Cross Unit 2 which was temporarily idled on March 1, 2017. In addition to its generation assets, the Authority may purchase from, sell to or exchange with other bulk electric suppliers additional capacity and energy in order to maximize the efficient use of generating resources, reduce operating costs and increase operating revenues. The Authority also operates an integrated transmission system which includes lines owned by the Authority as well as those owned by Central Electric Power Cooperative Inc. ("Central"), the Authority's largest wholesale customer.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion serves as an introduction to the basic financial statements of the Authority to provide the reader with an overview of the Authority's financial position and operations. As discussed in the Notes to the Financial Statements (Note 1 - A "Reporting Entity"), the financial statements include the accounts of the Lake Moultrie and Lake Marion Regional Water Systems.

The Statements of Net Position – Business – Type Activities summarize information on the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position.

The operating results of the Authority are presented in the Statements of Revenues, Expenses and Changes in Net Position – Business – Type Activities. Revenues represent billings for electricity and wholesale water sales. Expenses primarily include operating costs and debt service related charges.

The Statements of Cash Flows – Business – Type Activities are presented using the direct method. This method provides broad categories of cash receipts and cash disbursements related to cash provided by or used in operations, non-capital related financing, capital related financing and investing activities.

The Notes are an integral part of the Authority's basic financial statements and provide additional information on certain components of the financial statements.

FINANCIAL CONDITION OVERVIEW

The Authority's Statements of Net Position as of December 31, 2018, 2017 and 2016 are summarized below:

		2018		2017		2016
				(Thousands)		
ASSETS & DEFERRED OUTFLOWS OF RESOURCES						
Capital assets	**$**	**5,056,884**	$	4,832,022	$	8,214,787
Current assets		**1,726,338**		2,618,394		2,779,166
Other noncurrent assets		**5,642,659**		5,510,276		1,244,276
Deferred outflows of resources		**239,411**		239,722		271,595
Total assets & deferred outflows of resources	**$**	**12,665,292**	$	13,200,414	$	12,509,824
LIABILITIES & DEFERRED INFLOWS OF RESOURCES						
Long-term debt - net	**$**	**7,355,557**	$	7,897,142	$	8,134,916
Current liabilities		**700,887**		863,865		916,567
Other noncurrent liabilities		**1,345,046**		1,182,967		1,185,935
Deferred inflows of resources		**966,279**		1,135,173		242,070
Total liabilities & deferred inflows of resources	**$**	**10,367,769**	$	11,079,147	$	10,479,488
NET POSITION						
Net investment in capital assets	**$**	**1,955,185**	$	1,523,505	$	1,168,907
Restricted for debt service		**7,322**		32,430		39,158
Restricted for capital projects		**280**		1,284		1,663
Unrestricted		**334,736**		564,048		820,608
Total net position	**$**	**2,297,523**	$	2,121,267	$	2,030,336
Total liabilities, deferred inflows of resources & net position	**$**	**12,665,292**	$	13,200,414	$	12,509,824

2018 COMPARED TO 2017

The primary changes in the Authority's financial condition as of December 31, 2018 and 2017 were as follows:

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Total assets and deferred outflows of resources decreased $535.1 million during 2018 due to decreases of $892.1 million in current assets and $0.3 million in deferred outflows of resources. These decreases were offset by increases of $224.9 million in capital assets and $132.4 million in other noncurrent assets.

The increase in capital assets of $224.9 million was due to net construction work in progress additions of $253.6 million partially offset by a net decrease in utility plant of $26.9 million. The increase resulted from additions to solid waste landfills, the Rainey Generating Station's contract service agreement and the Pomeria-Orangeburg transmission line.

The decrease in current assets of $892.1 million was primarily due to decreases in unrestricted cash and investments as well as restricted cash and investments of $522.7 million and $162.4 million, respectively. These decreases were for debt service payments, funding the current year cash defeasances and capital expenditures. Also contributing were decreases of $183.4 million in fossil fuel inventory primarily due to lower coal purchases during 2018, $43.2 million in prepaid expenses and other current assets largely due to the current year amortization of a portion of the remaining balance of assets from a cancelled coal-fired generation project in Florence County, South Carolina. These decreases were offset by an increase in regulatory assets – nuclear of $14.4 million. The remaining $5.2 million was an increase resulting from the net change in receivables, materials inventory, nuclear fuel and interest receivable.

The increase in other noncurrent assets of $132.4 million was primarily due to an increase in the regulatory asset for OPEB of $138.6 million as a result of implementation of GASB 75.

Liabilities, Deferred Inflows of Resources & Net Position

Liabilities & deferred inflows of resources decreased $711.4 million due to decreases of $541.6 million in long-term debt, $163.0 million in current liabilities and $168.9 million in deferred inflows of resources. These increases were offset by increases of $162.1 million in other noncurrent liabilities.

Net long-term debt decreased $541.6 million primarily due to a cash defeasance of $357.7 million of bonds as well as $66.1 million for transfers to current portion of long-term debt. Unamortized debt discounts and premiums decreased $30.4 million for amortization of discounts and premiums and $13.9 million in removals from defeasance activity. Further decreases were provided by transfers of $76.2 million of long-term revolving credit agreements to short-term revolving credit agreements.

The decrease in current liabilities of $163.0 million was due to decreases in short-term revolving credit agreements of $132.8 million and accounts payable of $73.4 million. These decreases were offset by increases of $14.9 million in current portion of long-term debt and $29.4 million in commercial paper.

The increase in other noncurrent liabilities of $162.1 million was primarily due to the increase in the OPEB liability of $158.2 million recorded as a result of the implementation of GASB 75.

Deferred inflows of resources decreased $168.9 million largely due to amortization of $165.9 million of the Regulatory Inflows - Toshiba Settlement to align with utilizing settlement funds to fund the current year debt defeasances.

The increase in net position of $176.3 million was mainly due to increases in net investment in capital assets of $431.7 million. Offsets to these increases were decreases in unrestricted of $229.3 million as well as decreases in restricted for debt service of $25.1 million due to changes in accrued interest on long-term debt and reductions in the bond and debt service funds.

2017 Compared to 2016

The primary changes in the Authority's financial condition as of December 31, 2017 and 2016 were as follows:

Assets and Deferred Outflows of Resources

Total assets and deferred outflows of resources increased $690.6 million during 2017 due to increases of $4.266 billion in other noncurrent assets. These increases were offset by decreases of $3.383 billion in capital assets, $160.8 million in current assets and $31.9 million in deferred outflows of resources.

The decrease in capital assets of $3.383 billion was primarily due to the reclassification of impaired nuclear assets from construction work in progress (CWIP) of $4.211 billion to a regulatory asset as a result of the suspension of construction of Summer Nuclear Units 2 and 3. These decreases were offset by increases in utility plant of $248.5 million and CWIP of $743.0 million.

The decrease in current assets of $160.8 million was due to a decrease of $112.1 million in fossil fuel inventory primarily due to lower coal purchases during 2017. Prepaid expenses and other current assets decreased $31.9 million primarily due to the current year amortization of a portion of the remaining balance of assets from a cancelled coal-fired generation project in Florence County, South Carolina. The remaining $16.8 million was a decrease resulting from the net change in receivables, materials inventory, nuclear fuel and interest receivable.

The increase in other noncurrent assets of $4.266 billion was primarily due to the reclassification of impaired nuclear CWIP to a regulatory asset as a result of the suspension of construction of Summer Nuclear Units 2 and 3.

The decrease in deferred outflows of resources of $31.9 million was largely due to the decrease of $21.7 million in unamortized loss on refunded and defeased debt, which resulted from amortization in 2017. Also contributing was pension related deferred outflows of $10.5 million from the Authority reporting its share of pension deferrals. Other changes resulted in a $300,000 increase.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

Liabilities & deferred inflows of resources increased $599.7 million due to increases of $893.1 million in deferred inflows of resources. These increases were offset by decreases of $237.8 million in long-term debt-net; $52.7 million in current liabilities; and $3.0 million in other noncurrent liabilities.

Net long-term debt decreased $237.8 million due to a $157.1 million cash defeasance of bonds as well as $43.1 million for transfers to current portion of long-term debt. Unamortized debt discounts and premiums decreased $36.5 million for amortization of discounts and premiums and $5.7 million in removals from refunding activity. Somewhat offsetting this was a net increase of $1.5 million on the long-term revolving credit agreement due to current year draws and increase in accretion of $3.1 million on mini bonds.

The decrease in current liabilities of $52.7 million was due to decreases in commercial paper of $255.4 million and the current portion of long-term debt of $85.5 million. These decreases were offset by increases of $219.0 million in short-term revolving credit agreements and $70.7 million in accounts payable. Further reductions of $1.5 million were due to the residual changes in the other accounts in this category.

The decrease in other noncurrent liabilities of $3.0 million was due to a lower asset retirement obligation of $9.9 million. Partially offsetting this were increases in pension liabilities of $13.8 million. Net decreases of $6.9 million among the remaining accounts make up the residual variance.

Deferred inflows of resources increased $893.1 million due to recording of an $898.2 million regulatory deferred inflow for the Toshiba Settlement and increases of $8.3 million in nuclear decommissioning costs from market value adjustments, amortization and interest accruals associated with decommissioning funds. Partially offsetting these increases were $4.6 million lower accumulated increase in fair value of hedging derivatives and pension related deferred inflows of $8.8 million from the Authority's share of pension deferrals.

The increase in net position of $90.9 million was mainly due to increases in net investment in capital assets of $354.6 million. Partially offsetting these increases were decreases in unrestricted of $256.6 million as well as decreases in restricted for debt service of $6.7 million due to changes in accrued interest on long-term debt and reductions in the bond and debt service funds. Further reductions of $400,000 were due to the residual changes in the other accounts in this category.

RESULTS OF OPERATIONS

Santee Cooper's Statements of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2018, 2017 and 2016 are summarized as follows:

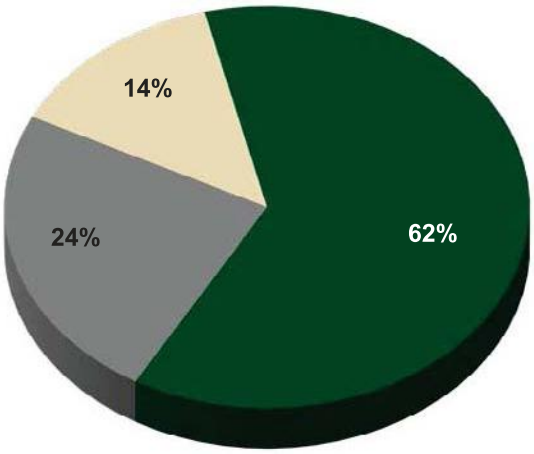
		2018		2017		2016
				(Thousands)		
Operating revenues	**$**	**1,806,620**	$	1,756,983	$	1,745,657
Operating expenses		**1,400,061**		1,357,171		1,374,942
Operating income		**406,559**		399,812		370,715
Interest expense		**(365,805)**		(260,909)		(229,177)
Costs to be recovered from future revenue		**(4,286)**		(4,339)		(6,708)
Other income (expense)		**157,185**		(25,882)		(27,092)
Capital contributions & transfers		**(17,397)**		(17,751)		(19,192)
Change in net position	**$**	**176,256**	$	90,931	$	88,546
Net position - beginning of period as previously reported		**2,121,267**		2,030,336		1,941,790
Ending net position	**$**	**2,297,523**	$	2,121,267	$	2,030,336

2018 Compared to 2017

Operating Revenues

As compared to 2017, operating revenues increased $49.6 million (3%) primarily due to higher energy sales (4%) largely resulting from cold weather in January due to winter storm Grayson. Also contributing to the increase in operating revenues were higher wholesale demand and fuel rates. Somewhat offsetting these increases were lower rates from the Central Cost of Service largely due to higher usage and lower overall non-fuel operating and maintenance costs. Energy sales for 2018 totaled approximately 23.7 million megawatt hours (MWhs) as compared to approximately 22.8 million MWhs for 2017.

2018 Revenues from Sales of Electricity*
by Customer Class



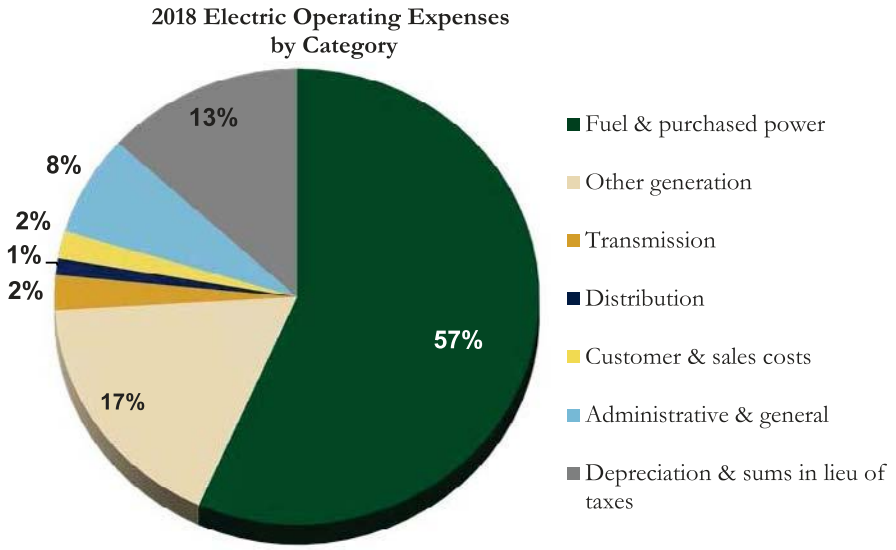
■ Retail ■ Industrial ■ Sales for resale

	2018	2017	2016
Revenues from Sales of Electricity*		(Thousands)	
Retail	**$ 428,820**	$ 407,752	$ 406,246
Industrial	**245,117**	235,068	234,463
Sales for resale	**1,106,826**	1,089,472	1,080,399
Totals	**$ 1,780,763**	$ 1,732,292	$ 1,721,108

*Excludes interdepartmental sales of $555 for 2018, $530 for 2017 and $524 for 2016.

OPERATING EXPENSES

Operating expenses for 2018 increased $42.3 million (3%) as compared to 2017. The main drivers were fuel cost and purchased power expense which increased by $32.8 million due to higher kWh sales, higher natural gas prices and a shift in generation mix. Also contributing to the increase in operating expenses were other generation costs of $14.4 million from: contract services primarily from Fluor charges to maintain Summer Nuclear Units 2 and 3 and a higher number of outages than prior year; and Summer nuclear expenses which resulted from higher labor costs due to the absorption of Summer Nuclear Units 2 and 3 employees, as well as a prior year Department of Energy reimbursement for spent fuel movement. Somewhat offsetting these increases were lower sales promotion of $6.7 million from higher accrual of Santee Cooper Economic Development Investment Fund and Site Readiness Funds in the prior year.



	2018	2017	2016
Electric Operating Expenses		(Thousands)	
Fuel & purchased power	**$ 793,456**	$ 760,696	$ 775,737
Other generation	**239,155**	224,748	238,912
Transmission	**33,524**	32,762	33,767
Distribution	**18,275**	15,379	15,865
Customer & sales costs	**20,311**	28,112	26,636
Administrative & general	**99,324**	105,647	98,006
Depreciation & sums in lieu of taxes	**189,795**	184,203	180,725
Totals	**$ 1,393,840**	$ 1,351,547	$ 1,369,648

Net Below the Line Items

- Other income increased $183.1 million mainly from the amortization of the regulatory inflows – Toshiba Settlement to align with the use of the funds from the Toshiba Settlement Agreement to fund debt defeasance and capital expenditures.

- Interest expense for 2018 was $104.9 million higher primarily due to 2017 cessation of capitalized interest associated with the suspension of Summer Nuclear Units 2 and 3.

- Capital contributions and transfers represent dollars paid to the State. This payment, which is based on a percentage of total budgeted revenues was in-line with the prior year.

2017 Compared to 2016

Operating Revenues

As compared to 2016, operating revenues increased $11.3 million (1%) primarily due to higher wholesale demand, fuel and energy-related fixed cost rates as well as the retail base rate adjustments that went into effect April 1, 2017. Impacts between the 2016 and 2017 Central Cost of Service adjustments also added to this increase. Lower energy sales (4%) resulting from milder weather and the combined reduced load from industrial and wholesale customers somewhat offset these increases. Energy sales for 2017 totaled approximately 22.8 million megawatt hours (MWhs) as compared to approximately 23.7 million MWhs for 2016.

Operating Expenses

Operating expenses for 2017 decreased $17.8 million (1%) as compared to 2016. The main driver was fuel and purchased power expense which decreased by $15.0 million due to lower kWh sales, higher commodity prices in the prior year and a shift in economic dispatch due to lower prices in the energy markets. Also contributing were decreases in non-fuel generation of$14.2 million from contract services and materials primarily due to a planned spring outage at Winyah Generating Station not occurring in 2017. Somewhat offsetting these decreases were higher administrative and general costs of $7.6 million from labor and contract services. Other smaller variances $3.8 million netted an increase and were spread among the remaining cost categories.

Net Below the Line Items

- Other income increased by $1.2 million primarily due to an increase in the fair value of investments and a decrease in the loss realized on sale of coal due to the remainder of the Jefferies Generating Station coal sale being finalized in 2016.

- Interest expense for 2017 was $31.7 million higher primarily due to a current year decrease in capitalized interest associated with Summer Nuclear Units 2 and 3.

- Cost to be recovered ("CTBR") decreased $2.4 million.

- Capital contributions and transfers represent dollars paid to the State. This payment, which is based on a percentage of total budgeted revenues, decreased by $1.4 million due to lower revenues in the 2017 budget as compared to the 2016 budget.

ECONOMIC CONDITIONS

The Authority and the electric industry continue to face economic and industry challenges that impact the competitiveness and financial condition of the utility. As market conditions fluctuate, the Authority's mission continues to be to deliver low-cost and reliable electricity and water to its customers.

To address these challenges, the Authority has developed business growth initiatives that revolve around four strategic initiatives - marketing, product development, project management and competitive rates. The Authority is marketing industrial and commercial properties that are served directly by the Authority and its Electric Cooperative partners and municipal customers. Product development activities include the creation and/or improvement of industrial properties, the acquisition of property, expansion of infrastructure into funding for industrial properties, and/or constructing buildings for industrial use. Since June 2012, the Authority has invested over $93.5 million throughout South Carolina in product development activities through low-interest revolving loans to public entities. In addition, the Authority created two additional funds to further improve the readiness of industrial sites in the Electric Cooperatives' and municipal customers' territories, directly or indirectly served by Santee Cooper. Approvals through 2018 total more than $11.0 million from the municipal site readiness fund and over $23.0 million from the South Carolina Power Team Site Readiness Fund. Funding for these programs was extended through 2020 by the Authority's Board of Directors.

In May 2015, Swedish automaker Volvo announced that it would build its first U.S. factory in Berkeley County, S.C., spending up to $500.0 million on a plant with an initial capacity of 100,000 vehicles a year. The Authority worked with the State, Berkeley County and the Electric Cooperatives to recruit Volvo to this site. The manufacturing site is served by Edisto Electric Cooperative, a member of Central. In September 2017 Volvo announced a $500.0 million expansion of the plant that included an additional 1,900 jobs bringing the total capital investment to $1.0 billion and 3,900 jobs. Volvo began full production of their first American made car in 2018 and Volvo is on schedule to begin production from the announced expansion in 2021. The Authority owns approximately 3,900 acres adjacent to the Volvo site and is currently developing the property according to the master plan as an industrial park. The Volvo project, as well as the industrial park development, is proceeding as planned.

The Authority's commitment to economic development efforts along with the State and support of its Electric Cooperatives also brought additional announcements of business growth projects during 2018, including JW Aluminum's expansion of its current operations and Evanesce Packaging Solutions, Inc. plans to locate its first large-scale projection operations in the United States in Colleton County, South Carolina.

The Authority's largest customer, Central, accounted for 58.6 percent of sales revenues in 2018. Central provides wholesale electric service to each of the 20 distribution cooperatives which are members of Central pursuant to long-term all requirements power supply agreements. In September 2009, Central and the Authority entered into an agreement ("September 2009 Agreement") that, among other things, allowed Central to transition the portion of power and energy requirements of the five former Saluda members, the ("Upstate Load"), directly connected to the transmission system of Duke Energy Carolinas, LLC to another supplier. In January 2013, Central began transitioning the Upstate Load to Duke Energy Carolinas, a subsidiary of Duke Energy Corporation, ("Duke"). The load transition was complete on January 1, 2019 and amounted to approximately 900 MW. Nothing precludes the Authority from serving this load when the Duke agreement ends on December 31, 2030.

In May 2013, the Authority and Central agreed to extend their termination rights as noted in the September 2009 Agreement until December 31, 2058, ("Coordination Agreement"). Under the Coordination Agreement 10-year rolling notice provision, for a termination date of December 31, 2058, a party must give notice of termination no later than December 31, 2048. Central has entered into requirement agreements with all 20 of its member cooperatives that extend through December 31, 2058 and obligate those members to pay their share of Central's costs, including costs paid under the Coordination Agreement. Certain matters between the Authority and Central relating to the nuclear project are the subject of litigation, however, the parties continue to conduct business pursuant to the terms of the Coordination Agreement.[1]

[1] See Footnote 10 – Legal Matters for a description of a litigation under the subheading *"Jessica S. Cook et al. v. Santee Cooper, Santee Cooper's Board of Directors (certain former and current Directors named), SCE&G, Palmetto Elec. Coop., & Central Elec. Pwr. Coop"* for a description of Central's cross-claim against the Authority seeking, among other things, (i) a declaratory judgment that Santee Cooper breached the Coordination Agreement and (ii) an award of 70% of the lump sum payment Santee Cooper received from Citibank, N.A. under the Assignment and Purchase Agreement described under Footnote 7 – Summer Nuclear Station – Summer Nuclear Units 2 and 3.

LEGISLATIVE MATTERS

On June 29, 2018, the South Carolina General Assembly ("General Assembly") ratified a State budget for FY 2018-2019, which runs from July 1 to June 30. The State budget included a proviso addressing Santee Cooper, also known as the South Carolina Public Service Authority. Part 1B Proviso 117.162 established a Public Service Authority Evaluation and Recommendation Committee ("Evaluation Committee") comprised of the Governor, four SC Senators and four SC House Members.

An objective of the Evaluation Committee is to determine a manner in which the General Assembly may best protect ratepayers and taxpayers in regard to Santee Cooper. This includes analyzing whether selling Santee Cooper is in the best interest of the State and Santee Cooper's customers or whether Santee Cooper should be retained by the State.

From August 7, 2018 to February 6, 2019, the Evaluation Committee held six meetings. The Evaluation Committee hired ICF International, Inc. ("ICF") to assist the Evaluation Committee with its review and to facilitate a process to receive and evaluate non-binding indicative bid proposals for the full purchase of Santee Cooper, to receive alternative proposals, and to conduct a valuation of Santee Cooper. On February 1, 2019, ICF issued its report to the Evaluation Committee. The SC General Assembly is now expected to continue its review of Santee Cooper which includes, among other things, the consideration of various alternatives for Santee Cooper such as managing or restructuring Santee Cooper or selling portions of its assets.

On February 21, 2019, the South Carolina Senate announced the creation of the Select Committee on Santee Cooper. The Senate has not yet set a date for the first meeting of the Select Committee.

The General Assembly is scheduled to meet from January 8, 2019 to May 9, 2019. Legislation may be introduced that impacts Santee Cooper's operations. Santee Cooper will be educating and informing the General Assembly of the impact of any relevant legislation that may impact its customers and operations.

CAPITAL IMPROVEMENT PROGRAM

The purpose of the capital improvement program is to continue to meet the energy and water needs of the Authority's customers with economical and reliable service. The Authority's three-year budget for the capital improvement program approved in 2018, 2017 and 2016 was as follows:

Approved in:	**2018**	2017	2016
	Budget 2019-21	Budget 2018-20	Budget 2017-19
Capital Improvement Expenditures		(Thousands)	
Environmental compliance [1]	**$ 188,699**	$ 333,534	$ 582,922
General improvements and Other [2]	**559,519**	533,021	1,048,474
Summer Nuclear Units 2 and 3 [3]	**0**	6,994	2,222,554
Totals	**$ 748,218**	$ 873,549	$ 3,853,950

(1) The Coal Combustion Residual and Steam Electric Effluent Limitation regulations are undergoing agency review and court challenges.
Given the significant uncertainty about the outcome and eventual requirements, Budget 2019-21 does not reflect all potential costs at this time.

(2) Other includes Camp Hall and renewables.

(3) Construction suspended in July 2017. Budget, 2018-20 reflects ramp down cost estimates in year 2018.

As determined by the Authority, the capital improvement program will be funded from revenues, additional revenue obligations, commercial paper, internal funding sources and other short-term obligations.

Summer Nuclear Units 2 and 3

Engineering, Procurement and Construction Agreement and Project History. On May 23, 2008, SCE&G, acting for itself and as agent for the Authority (together, the "Owners"), entered into an Engineering, Procurement, and Construction Agreement (the "EPC Agreement"), with a consortium consisting of Westinghouse and Stone & Webster, Inc. (the "Consortium"). Pursuant to the EPC Agreement, the Consortium would supply, construct, test, and startup two 1,117 MW nuclear generating units utilizing Westinghouse's AP 1000 standard plant design. The EPC Agreement included substantial completion dates of April 2016 and January 2019 for Summer Nuclear Units 2 and 3 (the "Project" or "Summer Nuclear Units 2 and 3"), respectively.

On October 20, 2011, the Owners entered into a Design and Construction Agreement specifying an Authority ownership interest of 45% in each of Summer Nuclear Unit 2 and Summer Nuclear Unit 3. Among other things, the Design and Construction Agreement allowed either or both parties to withdraw from the project under certain circumstances. The Authority and SCE&G also entered into an Operating and Decommissioning Agreement on October 20, 2011 with respect to the two units. Both the Design and Construction Agreement and the Operating and Decommissioning Agreement defined the conditions under which the Authority or SCE&G could convey an undivided ownership interest in the units to a third party.

On December 30, 2011 the Nuclear Regulatory Commission ("NRC") approved the AP 1000 standard plant design (DCD Revision 19) for Summer Nuclear Units 2 and 3. On March 30, 2012, the NRC issued the Combined Construction and Operating Licenses (the "COLs") with certain conditions for Summer Nuclear Units 2 and 3.

On October 27, 2015, the Owners executed a Limited Agency Agreement that appointed SCE&G to act as the Authority's agent in connection with an amendment to the EPC Agreement. The amended EPC Agreement, which became effective on December 31, 2015, included, among other things, an irrevocable option (the "Fixed Price Option") which SCE&G executed on behalf of the Owners on July 1, 2016, to further amend the EPC Agreement to fix the total amount to be paid to the Consortium for its entire scope of work on the Project (excluding a limited amount of work within the time and materials component of the contract price) after June 30, 2015 at $6.082 billion (Authority's 45% portion being $2.737 billion), subject to adjustment for amounts paid since June 30, 2015. The amended EPC Agreement also provided for Toshiba Corporation, Westinghouse's parent company, to reaffirm its guaranty of Westinghouse's payment obligations (the "Guaranty") and revised the substantial completion dates of Units 2 and 3 to August 31, 2019 and August 31, 2020, respectively.

Toshiba Financial Difficulties/Westinghouse Bankruptcy. In late 2015, following disclosures regarding its operating and financial performance and near-term liquidity, Toshiba Corporation's ("Toshiba") credit ratings declined to below investment grade. Pursuant to the terms of the EPC Agreement, the Owners obtained payment and performance bonds from Westinghouse in the form of standby letters of credit totaling $45.0 million (the Authority's 45% share is $20.3 million).

On December 27, 2016, Toshiba announced financial difficulties related to the goodwill associated with the Westinghouse acquisition of Stone & Webster. Following several announcements and related media reports, on February 14, 2017, Toshiba, the parent company of Westinghouse and the guarantor of its financial and performance obligations with respect to the EPC Agreement, announced that it preliminarily recorded a multi-billion dollar impairment loss associated with the construction of Summer Nuclear Units 2 and 3 and the two additional AP1000 units being constructed by Westinghouse for another company in the United States (Plant Vogtle). The impaired goodwill resulted from Westinghouse's analysis that the cost to complete the four Westinghouse AP1000 new nuclear plants in the United States would far surpass the original estimates for construction. Toshiba attributed the cost overruns to, among other things, higher labor costs arising from lower than anticipated work efficiency and the inability to improve such work efficiency over time. On April 11, 2017 Toshiba released their unaudited quarterly securities report for the period covering April 1, 2016 to December 31, 2016 showing a loss of 532 billion Yen (US $4.800 billion).

On March 29, 2017, Westinghouse and 29 affiliated companies filed a Petition pursuant to Chapter 11 of the Bankruptcy Code, in the United States Bankruptcy Court for the Southern District of New York. This Petition allowed for a transition and evaluation period during which the Owners would assess information provided by Westinghouse and determine the most prudent path forward for the project. After the filing of the bankruptcy proceeding, the Owners entered into negotiations with Toshiba Corporation for the purpose of acknowledging and defining Toshiba's obligation under Toshiba's May 23, 2008 Guaranty and establishing a schedule for the full payment of that obligation to the Owners.

Toshiba Settlement Agreement (the "Settlement Agreement" or "Toshiba Settlement Agreement"). On July 27, 2017 the Owners and Toshiba entered into a Settlement Agreement that provided, among other things: A) Toshiba's agreement that it would pay the Guaranty obligation in the amount of $2.168 billion (Authority's 45% share was $975.6 million) , in accordance with a schedule set forth in the Settlement Agreement; B) Toshiba's agreement that payment of the Guaranty obligation and related payment schedule would not be dependent on whether one or both of the two units are completed; C) Toshiba's agreement that the Owners' were not releasing any claims or rights against Westinghouse; D) Toshiba's agreement not to subordinate the Guaranty obligations except to working capital lenders and other relationships necessary to continue and enhance its financial condition; E) Toshiba, Westinghouse, and the owners of the Vogtle and Summer Nuclear AP1000 Project's agreement to become parties to a consent order in the Bankruptcy Court that approves assignment by Toshiba to the Summer Nuclear and Vogtle owners of all rights to the non-U.S. assets in the Westinghouse family of companies owned by Toshiba, any of Toshiba's rights against Westinghouse relating to loans, and similar receivables; F) agreement by the parties to the Settlement Agreement to work towards an expeditious sale of Westinghouse; G) the Owners' agreement that the distribution proceeds received from the Westinghouse bankruptcy would be a credit against the Guaranty; and H) the Owners' agreement not to exercise remedies of the Guaranty, absent a default, until September 2022.

On September 1, 2017, the Owners filed two proofs of claim in unliquidated amounts in the Westinghouse Bankruptcy Proceeding.

On September 27, 2017, the Owners entered into an Assignment and Purchase Agreement under which they sold and assigned rights to receive payment under the Settlement Agreement and rights, duties and obligations arising under two proofs of claim filed in the Westinghouse Bankruptcy Proceeding to Citibank, N.A., in exchange for a purchase price in the amount of $1,847,075,400. The Authority's share of the purchase price was $831,183,930. Excluded from the sale was the first $150.0 million (Authority's 45% share was $67.5 million) payment under the Toshiba Settlement Agreement, which was received by the Owners.

On January 2, 2018, the Owners entered into Amendment No. 1 of the Settlement Agreement and Amendment No. 1 of the Assignment and Purchase Agreement, which amendments had the effect of capping at $60.0 million the Owners' current obligation to reimburse Citibank, N.A. for payments from the Westinghouse Estate that had the effect of reducing mechanics liens at the site (Authority's 45% share is $27.0 million).

Developments in the Westinghouse Bankruptcy Proceeding. On March 28, 2018, the United States Bankruptcy Court for the Southern District of New York issued its order confirming Westinghouse Electric Company's Modified Second Amended Joint Chapter 11 Plan of Reorganization. The plan provides for, among other things, the sale of Westinghouse to Brookfield Business Partners, L.P. for $4.6 billion, a sale that closed on August 1, 2018.

The plan also provides for payment to allowed general unsecured creditors in an amount equal to the lesser of (i) its pro rata share of certain funds; or (ii) 100% of the amount of the allowed claim. Claims by those providing materials and services at the site have been classified under the plan as general unsecured creditors. Payments from the Westinghouse Estate that have the effect of reducing mechanics liens at the site have the potential to increase amounts that must be paid by the Authority to reimburse CITIBANK.

On December 15, 2018, an initial distribution was made to general unsecured creditors equaling about 25% of the allowed amount of each claim. The total amount of the allowed general unsecured claim pool is not currently known, but the size of that pool plays a significant factor in determining the amount each allowed general unsecured creditor will be paid. It is currently anticipated that allowed general unsecured creditors will receive full or substantially full payment; however, that cannot yet be confirmed as payment of allowed general unsecured claims will not be completed until the later part of 2019.

Cost to Complete and Construction Suspension. Beginning in late March 2017, the Owners formed an independent team led by the SCE&G construction manager to undertake a rigorous Estimate-to-Complete ("ETC") validation process, including the costing/scheduling expertise of High Bridge Associates and the expertise of AECOM Energy & Construction Inc. in the area of salvage, site restoration and preservation. The process began with gathering and validating information and data received from Westinghouse and Fluor, and creating a new schedule model using Owner, Fluor and Westinghouse schedules. On a parallel track and during the same time frame, the Authority retained nFront Consulting LLC to undertake an assessment of the projected cost of power from Summer Nuclear Units 2 and 3 if completed, compared to other alternatives in meeting future energy needs of the Authority.

Based upon the ETC validation process, management of the Authority found the results of the ETC validation process adequate to determine the viability of the Project; those results estimating the schedule to complete Unit 2 would be delayed at least 40 months beyond the August 2019 contract completion date, and the estimated schedule to complete Unit 3 would be delayed at least 43 months beyond the August 2020 contract completion date. Based on both studies, the estimated cost to the Authority to complete both units, including construction period interest, increased from $8.100 billion to $11.400 billion, and the cumulative average system cost of power would be substantially higher if one or both units were completed as compared to suspending construction.

On July 31, 2017, the Board of Directors of the Authority, by Resolution authorized the President and CEO, among other things, to immediately begin taking those actions necessary to wind-down and suspend construction on the two 1,100 MW nuclear units at the Summer Nuclear site in Fairfield County, and protect and preserve both the site and related plant components and equipment. That resolution contemplated the establishment of a Project construction cessation plan and process of seeking additional support for the Project to remain in place for up to a period of one year from the date of the Resolution. There are currently no legal or regulatory requirements for the site to be maintained or restored to its original condition. As such, no removal or restoration costs have been accrued.

Upon suspending the Project, and in accordance with GASB 62, the Authority ceased capitalizing interest expense on the debt incurred to fund the Project as of July 31, 2017.

As of December 31, 2017 the Owners identified assets that could be utilized at Summer Nuclear Unit 1, consisting of various buildings and structures totaling $44.8 million (Authority's 45% share). These assets were transferred to Summer Nuclear Unit 1, and as a result in the difference of ownership percentage, the assets were recorded on Unit 1 at $32.8 million (Authority's 33.33% share) and a receivable in the amount of $12.0 million was recorded on the Authority's books. In April 2018, the Authority received payment of $11.4 million to complete the transaction for the assets transferred to Summer Nuclear Unit 1. As of December 31, 2018, the Owners agreed to a reduction in the Authority's ownership of the switchyard at the Summer Nuclear site from 32.19% to 27.08%. As a result, a receivable in the amount of $2.7 million was recorded on the Authority's books. In addition, the Authority constructed transmission assets concurrently with the Project. These assets, which include switchyard costs, total $212.8 million at December 31, 2018, and will be utilized to enhance the Authority's transmission system.

Impairment of Project Assets. With suspension of the Project construction, the Authority sought additional project partners and financial support. South Carolina's Governor indicated that he contacted a number of companies inquiring about their interest in purchasing or partnering in the Project. As of December 31, 2017 the Authority had not received or been informed of any proposal to purchase the Project or partner in the Project. As such an evaluation was conducted to determine whether the assets were impaired. In accordance with GASB 42, the assets are impaired based on A) the decline in service utility of the capital asset is large in magnitude and B) the event or change in circumstance is outside the normal life cycle of the capital asset. While the Project could be completed at some point in the future, the Authority had no near-term plans to complete the Project. Except for the assets described above that will be utilized at Summer Nuclear Unit 1 or used to enhance the Authority's transmission system, the remaining Project assets, including the nuclear fuel, were determined to be impaired.

In addition to the lack of proposals by a third party to purchase or partner in the Project, the Authority also considered several other items in order to determine the fair value of the impaired assets.

The AP1000 is a new technology. There are no completed AP1000s in the United States and only two other units under construction in the United States. There was not an active liquid market for the purchase of these partially completed units.

SCE&G obtained several estimates of the salvage value of the remaining Project assets. The highest estimate was for approximately $150.0 million (Authority's share of this would be 45%). Westinghouse cited contractual provisions that it believes indicate that the Owners may not have unencumbered title to the proceeds of the sale of the assets. Should the sale of the assets move forward, a final determination regarding ownership of the sale proceeds might be delayed.

On December 27, 2017 SCE&G, based on the decision to abandon the Project, submitted a letter request to the NRC for approval to withdraw the COLs for Summer Nuclear Units 2 and 3. On January 8, 2018, the Authority submitted a letter in response to this request in which the Authority requested, among other things, that the NRC not take action for 180 days or until such time that the Authority could evaluate any risks it could incur by taking on the nuclear licenses.

Based on these considerations the Authority determined a fair value of zero as of December 31, 2018 for the non-fuel impaired Project assets.

With the suspension of construction of Summer Nuclear Units 2 and 3 the nuclear fuel material for the first core load of the units will no longer be needed or used in Units 2 and 3. Due to the nature of the Unit 2 and 3 fuel, it cannot be used as is at Summer Nuclear Unit 1. SCE&G performed an analysis to determine how this fuel might be disposed and the fair value of the fuel. The analysis considered both selling the fuel into the market and exchanging the fuel for material that can be used in Unit 1. SCE&G used estimated market prices as of December 31, 2017 obtained from nuclear fuel suppliers when estimating the value of the fuel. Using SCE&G's analysis the Authority had determined that the fair value of this fuel was 33.52% of the book value of the fuel, or $34.6 million (Authority's share), as of December 31, 2017. The remaining $68.5 million was written off as impaired.

Based on the results in determining the fair value, the write-off of Summer Nuclear Units 2 and 3 construction costs and nuclear fuel for the year ended December 31, 2017 totaled $4.211 billion.

During 2018 additional invoices related to Units 2 and 3 were received and other correcting entries were made to the Unit 2 and 3 costs. These amounts were part of the impaired assets and were charged to the Nuclear Regulatory Asset (See Footnote 1 – K - Other Regulatory Items). Market prices for Unit 2 and 3 fuel were estimated as of December 31, 2018 and based on these prices, no additional adjustments to the book value of the fuel were made.

2018 Developments Status of COLs. On January 28, 2019 the Authority Board approved a resolution authorizing the Interim President and CEO to consent to SCE&G's request to terminate the Summer Nuclear Units 2 and 3 COLs. That consent was conveyed to the Nuclear Regulatory Commission in a letter dated January 29, 2019. (See Footnote 15 - Subsequent Events.)

Reactor Coolant Pump Transfer to China. In February 2018, SCE&G and the Authority sold one reactor coolant pump planned for use in Summer Nuclear Unit 2 to Westinghouse for use in the China Project, Haiyang Unit 2. The Authority's 45% share of the proceeds was approximately $6.5 million and the resulting gain was recorded as a regulatory liability (See Footnote 1- K Other Regulatory Items.).

Sales Tax Audit and Proposed Assessment. On January 26, 2018 the SC DOR notified SCE&G that the sales and use tax returns for the Summer Nuclear 2&3 project have been assigned for a sales and use tax audit. During a meeting on February 8th, the DOR clarified its position that, because the VC Summer 2&3 project had been abandoned and the manufacturing facility was not completed and would not produce electricity, the materials for the Project were not tax-exempt and sales taxes were due on previously tax exempt purchases. On May 31, 2018, the SC DOR notified SCE&G that, since all of the information requested of SCE&G was not provided; a Proposed Notice of Assessment was generated. The full assessment, which was based on information obtained by the department, was for $421 million. On October 1, 2018 Santee Cooper's outside counsel submitted on Santee Cooper's behalf a Protest to Notice of Proposed Assessment Department File No. 020800475. As of December 31, 2018, Santee Cooper continues to dispute the position that sales taxes are due and owing.

Right of Entry; Maintenance, Preservation and Documentation Plan; and Warehoused Equipment Moved. On June 25, 2018, SCE&G and the Authority signed a Right of Entry Agreement allowing the Authority to begin implementation of a Maintenance, Preservation, and Documentation Plan (MPD) to preserve the equipment for the Project. The Authority contracted with Fluor Inc. to perform this scope of work to assess the equipment condition and to maintain the high value equipment. Fluor Inc. began this scope of work at the Project on July 2, 2018. Additionally, all assets stored in two large offsite warehouses were relocated to the Project site in 2018.

Switchyard True-Up. Included in the Summer Nuclear Units 2 and 3 transmission related assets that were not impaired were certain switchyard assets. During 2018 the parties determined that the ownership interest in these assets needed to be adjusted and began negotiating an agreement to adjust the percentages and true-up the charges. As of December 31, 2018 that adjustment was reasonably estimated and a receivable from SCE&G to the Authority in the amount of $2.7 million was recorded. The Authority expects to complete this effort in the second quarter of 2019.

Forbearance Agreement and Next Steps. On December 13, 2018, SCE&G and the Authority executed an agreement styled a "Forbearance Agreement" whereby SCE&G reaffirmed its irrevocable waiver of any and all rights in the Forbearance Assets, defined generally as Summer Nuclear Units 2 and 3; ancillary facilities; intellectual property; equipment and materials on-site and off-site including, without limitation assets, materials and equipment that are affixed to the real property at the site but are capable of being removed. Excluded from the definition of Forbearance Assets is the underlying real property; certain specifically identified assets excluded from the abandonment prior to December 31, 2017; substation and switchyard assets; the old NND Building and nuclear fuel. The Forbearance Agreement requires SCE&G seek, within 30 days of the execution of the agreement, approval of the Public Service Commission of South Carolina of the agreement and, during the same 30 day period, take reasonable efforts to obtain the release of any security interest or mortgage attached to the Forbearance Asset.

The execution of the Forbearance Agreement and its successful approval and implementation will set the foundation for possible domestic and international sales of equipment, commodities and plant components covered by the agreement.

Regulatory Accounting Treatment

Nuclear Asset Impairment. On January 22, 2018, the Board approved the use of regulatory accounting for the $4.211 billion impairment write down. The majority of the Project was financed with borrowed funds. For rate-making purposes, the Authority includes the debt service on these borrowed funds in its rates. As such, the impairment will be recorded as a regulatory asset and amortized through November 2056 to align with the associated debt principal payments. In the event the principal maturities change materially the amortization will be adjusted to better align with the new maturities. In 2018, there was a decrease of $8.3 million charged to the nuclear impairment regulatory asset for adjustments after year end 2017, as well as amortization of $4.9 million.

Post Project Suspension Interest Expense. On December 11, 2017 the Board issued a resolution authorizing the use of regulatory accounting to defer a portion of the post suspension Project interest. With the cessation of capitalized interest and the timing of the suspension the Authority would be unable to collect a portion of the post suspension Project interest in rates. The regulatory asset for post suspension nuclear interest totaled $37.1 million and will be amortized through November 2056 to align with the principal payments on the debt used to pay the interest.
Toshiba Settlement Agreement. The Board of Directors also approved a resolution dated December 11, 2017, authorizing using regulatory accounting to defer recognition of income from the Settlement Agreement. The Authority recorded a regulatory deferred inflow of $898.2 million. The deferred inflow will be amortized to align with the manner in which debt service is reduced as a result of using the proceeds.

The following table summarizes nuclear related regulatory items:

Regulatory Item	Classification	Original Amount	2018 Amortization	2018 Changes	2018 Ending Balance
Nuclear impairment	Asset	$ 4.211 billion	($ 4.9 million)	($ 8.1 million)	$ 4.198 billion
Nuclear post-suspension interest	Asset	$ 37.1 million			$ 37.1 million
Toshiba Settlement Agreement	Deferred Inflow	$ 898.2 million	($ 176.6 million)	$ 10.7 million	$ 732.3 million

FINANCING ACTIVITIES

Although there were no major financial transactions during 2018, the Authority entered into two cash defeasances whereby proceeds from the Toshiba Settlement Agreement were deposited into an Escrow Account to provide for the payment of principal of and interest on certain bonds maturing December 1, 2019 through December 1, 2043, respectively. The resulting transactions included the reduction of approximately $357.7 million in debt outstanding. The net debt service savings for the years impacted by the defeasance transactions are approximately $536.9 million.

LIQUIDITY AND CAPITAL RESOURCES

The Authority has significant cash flow from operating activities, access to capital markets, bank facilities and special funds deposit balances.

At December 31, 2018, the Authority had $1.200 billion of cash and investments, of which $949.9 million was available for liquidity purposes to fund various operating, construction, debt service and contingency requirements. Balances in the decommissioning funds totaled $214.3 million.

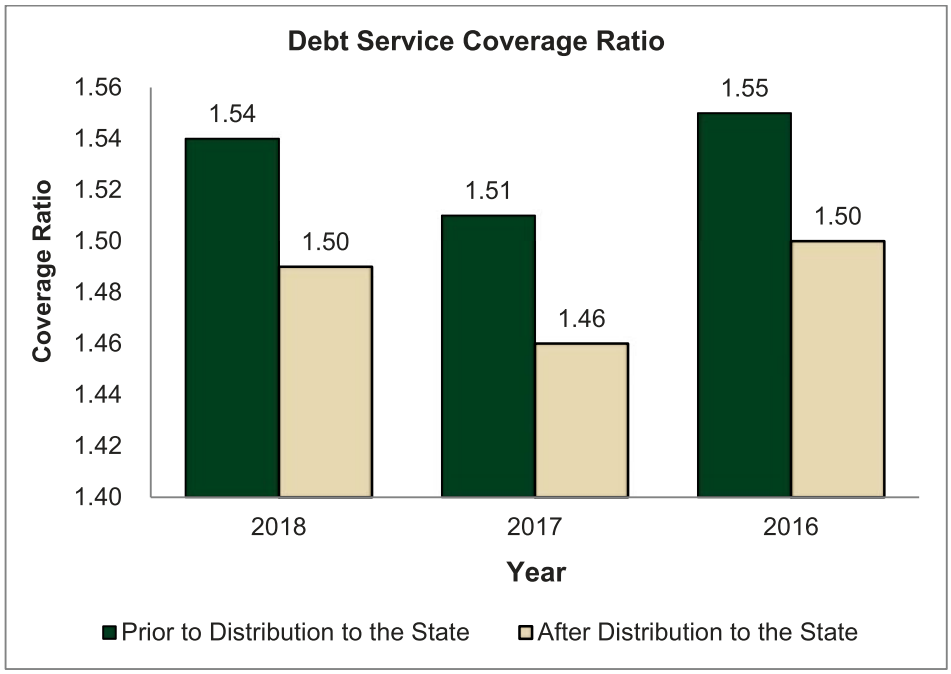
The Authority has entered into Reimbursement Agreements and secured irrevocable direct-pay letters of credit with two banks to support the issuance of commercial paper notes totaling $250.0 million as of December 31, 2018. As of December 31, 2018, the Authority had $173.9 million of commercial paper notes outstanding.

To obtain other funds if needed, the Authority has entered into Revolving Credit Agreements with each of Barclays Bank PLC, TD Bank, N.A., JP Morgan Chase Bank, N.A., and Wells Fargo Bank, N.A, respectively. These agreements allow the Authority to borrow up to a total of $850.0 million and expire at various dates in 2020 and 2021. At December 31, 2018, the Authority had borrowings totaling $111.5 million outstanding under the Revolving Credit Agreements.

Net cash used by the Authority during 2018 was $268.7 million. This decrease in cash was due to net cash used by non-capital and capital related financing activities of $536.7 million and $978.5 million, respectively. These decreases were partially offset by cash provided by operating and investing activities of $813.4 million and $433.1 million, respectively.

DEBT SERVICE COVERAGE

The Authority's debt service coverage (excluding commercial paper and other) for the years ended December 31, 2018, 2017 and 2016 is shown below:



BOND RATINGS

Bond ratings assigned by various agencies as of December 31, 2018, 2017 and 2016 were as follows:

Agency / Lien Level	**2018**	2017	2016
Fitch Ratings			
Revenue Obligations	**A-**	A+	A+
Commercial Paper[1]	**F1+**	F1/F1+	F1
Outlook	**Negative**	Stable	Stable
Moody's Investors Service, Inc.			
Revenue Obligations	**A2**	A1	A1
Commercial Paper[1]	**P-1**	P-1	P-1
Outlook	**Negative**	Stable	Stable
Standard & Poor's Rating Services			
Revenue Obligations	**A+**	A+	AA-
Commercial Paper[1]	**A-1**	A-1/A-1+	A-1
Outlook	**Negative**	Stable	Stable

[1] In 2017, the Authority entered into Direct Pay Letters of Credit issued by various banks supporting the commercial paper program. The banks issuing the Letters of Credit have various ratings assigned by the rating agencies.

BOND MARKET TRANSACTIONS FOR YEARS 2018, 2017 AND 2016

YEAR 2018

No Bond Market Transactions - South Carolina Public Service Authority did not issue any Revenue Bond Obligations in 2018.

YEAR 2017

No Bond Market Transactions - South Carolina Public Service Authority did not issue any Revenue Bond Obligations in 2017.

YEAR 2016

Revenue Obligations:	2016 Tax-exempt Refunding Series A	Par Amount:	$ 543,745,000
Purpose:	Refund a portion of the following: 2007 Series A, 2008 Series A, 2009 Refunding Series A, 2009 Series B, and 2014 Series A	Date Closed:	February 10, 2016
Comments:	Tax-exempt bonds with an all-in true interest cost of 3.66 percent		
Revenue Obligations:	2016 Series M1 - Current Interest Bearing Bonds (CIBS)	Par Amount:	$ 33,282,500
Purpose:	To finance a portion of the Authority's ongoing capital program	Date Closed:	May 19, 2016
Comments:	Tax-exempt minibonds		
Revenue Obligations:	2016 Series M1 – Capital Appreciation Bonds (CABS)	Par Amount:	$ 8,860,200
Purpose:	To finance a portion of the Authority's ongoing capital program	Date Closed:	May 19, 2016
Comments:	Tax-exempt minibonds		
Revenue Obligations:	2016 Tax-exempt Refunding and Improvement Series B	Par Amount:	$ 508,705,000
Purpose:	To finance a portion of the Authority's ongoing capital program and refund a portion of the following: 2009 Series E	Date Closed:	July 20, 2016
Comments:	Tax-exempt bonds with an all-in true interest cost of 3.75 percent		
Revenue Obligations:	2016 Taxable Series D	Par Amount:	$ 322,650,000
Purpose:	To retire certain Commercial Paper Notes and to finance a portion of the Authority's ongoing capital program	Date Closed:	July 20, 2016
Comments:	Taxable bonds with an all-in true interest cost of 2.45 percent		
Revenue Obligations:	2016 Tax-exempt Refunding Series C	Par Amount:	$ 52,400,000
Purpose:	Refund a portion of the following: 2006 Series C	Date Closed:	October 13, 2016
Comments:	Tax-exempt bonds with an all-in true interest cost of 3.11 percent		

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the South Carolina Public Service Authority's finances for all those with an interest in the South Carolina Public Service Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Suzanne H. Ritter, Vice President and Controller, South Carolina Public Service Authority, P.O. Box 2946101, Moncks Corner, SC 29461-6106.

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Statements of Net Position - Business - Type Activities

South Carolina Public Service Authority
As of December 31, 2018 and 2017

		2018		2017
			(Thousands)	
ASSETS				
Current assets				
Unrestricted cash and cash equivalents	$	**475,601**	$	731,758
Unrestricted investments		**474,269**		740,777
Restricted cash and cash equivalents		**53,600**		71,338
Restricted investments		**18,666**		163,360
Receivables, net of allowance for doubtful accounts of $2,073 and $2,177 at December 31, 2018 and 2017, respectively		**225,636**		228,575
Materials inventory		**138,447**		132,859
Fuel inventory				
Fossil fuels		**123,859**		307,279
Nuclear fuel - net		**110,250**		107,420
Interest receivable		**2,308**		2,522
Regulatory Assets - nuclear		**14,419**		0
Prepaid expenses and other current assets		**89,283**		132,506
Total current assets		**1,726,338**		2,618,394
Noncurrent assets				
Restricted cash and cash equivalents		**5,247**		27
Restricted investments		**130,714**		135,654
Capital assets				
Utility plant		**7,678,064**		7,545,203
Long lived assets - asset retirement cost		**265,116**		265,116
Accumulated depreciation		**(3,933,151)**		(3,773,415)
Total utility plant - net		**4,010,029**		4,036,904
Construction work in progress		**1,017,170**		763,490
Other physical property - net		**29,685**		31,628
Investment in associated companies		**7,162**		6,587
Costs to be recovered from future revenue		**225,590**		229,876
Regulatory asset-asset retirement obligation		**710,326**		694,036
Regulatory asset - OPEB		**153,235**		0
Regulatory assets - nuclear		**4,220,920**		4,248,478
Other noncurrent and regulatory assets		**189,465**		195,618
Total noncurrent assets		**10,699,543**		10,342,298
Total assets	$	**12,425,881**	$	12,960,692
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows – pension	$	**41,859**	$	41,181
Deferred outflow - OPEB		**23,175**		0
Accumulated decrease in fair value of hedging derivatives		**39,440**		39,916
Unamortized loss on refunded and defeased debt		**134,937**		158,625
Total deferred outflows of resources	$	**239,411**	$	239,722
Total assets & deferred outflows of resources	$	**12,665,292**	$	13,200,414

The accompanying notes are an integral part of these financial statements.

Statements of Net Position - Business - Type Activities (continued)

South Carolina Public Service Authority
As of December 31, 2018 and 2017

		2018		2017
			(Thousands)	
LIABILITIES				
Current liabilities				
Current portion of long - term debt	$	**63,450**	$	48,546
Accrued interest on long - term debt		**46,383**		50,383
Revolving credit agreement		**86,234**		219,000
Commercial paper		**173,898**		144,484
Accounts payable		**230,970**		304,377
Other current liabilities		**99,952**		97,075
Total current liabilities		**700,887**		863,865
Noncurrent liabilities				
Construction liabilities		**21,504**		17,130
Net OPEB liability		**172,774**		0
Net pension liability		**338,128**		338,783
Asset retirement obligation liability		**716,666**		729,969
Total long-term debt (net of current portion)		**6,968,680**		7,465,968
Unamortized debt discounts and premiums		**386,877**		431,174
Long-term debt-net		**7,355,557**		7,897,142
Other credits and noncurrent liabilities		**95,974**		97,085
Total noncurrent liabilities		**8,700,603**		9,080,109
Total liabilities	$	**9,401,490**	$	9,943,974
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	$	**16,740**	$	4,817
Deferred inflow - OPEB		**249**		0
Accumulated increase in fair value of hedging derivatives		**1,414**		5,374
Nuclear decommissioning costs		**215,551**		226,767
Regulatory inflows – Toshiba settlement		**732,325**		898,215
Total deferred inflows of resources	$	**966,279**	$	1,135,173
NET POSITION				
Net investment in capital assets	$	**1,955,185**	$	1,523,505
Restricted for debt service		**7,322**		32,430
Restricted for capital projects		**280**		1,284
Unrestricted		**334,736**		564,048
Total net position	$	**2,297,523**	$	2,121,267
Total liabilities, deferred inflows of resources & net position	$	**12,665,292**	$	13,200,414

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Statements of Revenues, Expenses and Changes in Net Position - Business - Type Activities

South Carolina Public Service Authority

Years Ended December 31, 2018 and 2017

	2018	2017
	(Thousands)	
Operating revenues		
Sale of electricity	$ 1,780,763	$ 1,732,292
Sale of water	9,507	8,575
Other operating revenue	16,350	16,116
Total operating revenues	1,806,620	1,756,983
Operating expenses		
Electric operating expenses		
Production	147,353	131,951
Fuel	603,361	562,539
Purchased and interchanged power	190,095	198,157
Transmission	25,623	23,663
Distribution	13,426	11,771
Customer accounts	15,015	16,094
Sales	5,296	12,018
Administrative and general	90,326	100,779
Electric maintenance expenses	113,550	110,368
Water operating expenses	3,320	3,061
Water maintenance expenses	1,116	1,090
Total operating and maintenance expenses	1,208,481	1,171,491
Depreciation	186,950	181,094
Sums in lieu of taxes	4,630	4,586
Total operating expenses	1,400,061	1,357,171
Operating income	406,559	399,812
Nonoperating revenues (expenses)		
Interest and investment revenue	11,103	12,403
Net increase (decrease) in the fair value of investments	5,213	(438)
Interest expense on long-term debt	(356,259)	(267,847)
Interest expense on commercial paper and other	(5,581)	(5,013)
Amortization income (expense)	(3,965)	11,951
Costs to be recovered from future revenue	(4,286)	(4,339)
U.S. Treasury subsidy on Build America Bonds	7,612	7,583
Other - net	133,257	(45,430)
Total nonoperating revenues (expenses)	(212,906)	(291,130)
Income before transfers	193,653	108,682
Capital contributions & transfers		
Distribution to the State	(17,397)	(17,751)
Total capital contributions & transfers	(17,397)	(17,751)
Change in net position	$ 176,256	$ 90,931
Net position - beginning	2,121,267	2,030,336
Total net position - ending	$ 2,297,523	$ 2,121,267

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows - Business - Type Activities

South Carolina Public Service Authority
Years Ended December 31, 2018 and 2017

	2018	2017
	(Thousands)	
Cash flows from operating activities		
Receipts from customers	**$ 1,809,663**	$ 1,726,942
Payments to non - fuel suppliers	**(301,920)**	(308,098)
Payments for fuel	**(600,371)**	(557,944)
Purchased power	**(190,095)**	(198,157)
Payments to employees	**(196,727)**	(190,707)
Other receipts-net	**292,866**	219,440
Net cash provided by operating activities	**813,416**	691,476
Cash flows from non-capital related financing activities		
Distribution to the State	**(17,397)**	(17,751)
Proceeds from long - term revolving credit agreement draw	**0**	190,000
Repayment of revolving credit agreement draw	**(120,000)**	(70,000)
Proceeds from issuance of commercial paper notes	**15,350**	30,450
Repayment of commercial paper notes	**(19,055)**	(268,888)
Refunding/defeasance of long-term debt	**(104,648)**	(120)
Repayment of long - term debt	**(17,292)**	(746)
Interest paid on long - term debt	**(213,840)**	(11,051)
Interest paid on commercial paper and other	**(4,720)**	(4,904)
Bond issuance and other related costs	**(55,131)**	(185)
Net cash used in non-capital related financing activities	**(536,733)**	(153,195)
Cash flows from capital-related financing activities		
Proceeds from revolving credit agreement draw	**54,000**	126,500
Repayment of revolving credit agreement draw	**(143,000)**	(26,000)
Proceeds from issuance of commercial paper notes	**93,168**	23,284
Repayment of commercial paper notes	**(60,049)**	(40,261)
Refunding/defeasance of long-term debt	**(253,017)**	(157,488)
Repayment of long-term debt	**(33,909)**	(127,308)
Interest paid on long-term debt	**(143,861)**	(364,062)
Interest paid on commercial paper and other	**(2,305)**	(2,415)
Construction and betterments of utility plant	**(520,810)**	(824,255)
Bond issuance and other related costs	**29,706**	(8,715)
Toshiba settlement proceeds	**0**	898,215
Other-net	**1,609**	(33,661)
Net cash used in capital related financing activities	**(978,468)**	(536,166)
Cash flows from investing activities		
Net decrease in investments	**421,355**	609,051
Interest on investments	**11,755**	13,309
Net cash provided by investing activities	**433,110**	622,360
Net increase (decrease) in cash and cash equivalents	**(268,675)**	624,475
Cash and cash equivalents - beginning	**803,123**	178,648
Cash and cash equivalents - ending	**$ 534,448**	$ 803,123

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows - Business - Type Activities (continued)

South Carolina Public Service Authority
Years Ended December 31, 2018 and 2017

		2018		2017
		(Thousands)		
Reconciliation of operating income to net cash provided by operating activities				
Operating income	**$**	**406,559**	$	399,812
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation		**186,950**		181,094
Amortization of nuclear fuel		**23,222**		24,792
Net power gains involving associated companies		**(50,446)**		(50,542)
Distributions from associated companies		**45,522**		46,122
Advances to associated companies		**(20)**		(27)
Other income and expenses		**150,065**		(29,488)
Changes in assets and liabilities				
Accounts receivable - net		**2,939**		(30,043)
Inventories		**177,832**		110,872
Prepaid expenses		**48,866**		25,208
Other deferred debits		**(169,483)**		(14,092)
Accounts payable		**21,096**		21,011
Other current liabilities		**(271,918)**		394
Other noncurrent liabilities		**242,232**		6,363
Net cash provided by operating activities	**$**	**813,416**	**$**	691,476

Composition of cash and cash equivalents				
Current				
Unrestricted cash and cash equivalents	**$**	**475,601**	$	731,758
Restricted cash and cash equivalents		**53,600**		71,338
Noncurrent				
Restricted cash and cash equivalents		**5,247**		27
Cash and cash equivalents at the end of the year	**$**	**534,448**	$	803,123
Noncash capital activities	**$**	**45,032**	$	139,536

Statements of Fiduciary Net Position - OPEB Trust Fund

South Carolina Public Service Authority
As of December 31, 2018 and 2017

	2018	2017
	(Thousands)	
ASSETS		
Cash and cash equivalents	**$ 2,244**	$ 2,326
Investments	**74,849**	54,583
Total current assets	**77,093**	56,909
Total assets	**$ 77,093**	$ 56,909
LIABILITIES		
Total liabilities	**$ 0**	$ 0
NET POSITION		
Restricted for other postemployment benefits (OPEB)	**$ 77,093**	$ 56,909
Total net position	**$ 77,093**	$ 56,909
Total liabilities & net position	**$ 77,093**	$ 56,909

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Fiduciary Net Position - OPEB Trust Fund

South Carolina Public Service Authority

Years Ended December 31, 2018 and 2017

		2018		2017
			(Thousands)	
ADDITIONS				
Employer contributions	**$**	**20,012**	$	5,948
Total employer contributions		**20,012**		5,948
Investment income				
Appreciation (depreciation) in fair value of investments		**(1,421)**		762
Interest		**1,593**		1,308
Net investment income		**172**		2,070
Total additions		**20,184**		8,018
DEDUCTIONS				
Total deductions		**0**		0
Change in net position		**20,184**		8,018
Net position - beginning of period		**56,909**		48,891
Total net position - ending	**$**	**77,093**	$	56,909

The accompanying notes are an integral part of these financial statements.

NOTES

Note 1 – Summary of Significant Accounting Policies

A - Reporting Entity - The South Carolina Public Service Authority (the "Authority" or "Santee Cooper"), a component unit of the State of South Carolina ("the State"), was created in 1934 by the State legislature. The Santee Cooper Board of Directors ("Board") is appointed by the Governor of South Carolina with the advice and consent of the Senate. The purpose of the Authority is to provide electric power and wholesale water to the people of South Carolina. Capital projects are funded by bonds, commercial paper and internally generated funds. As authorized by State law, the Board sets rates charged to customers to pay debt service and operating expenses and to provide funds required under bond covenants. The Authority's financial statements include the accounts of the electric system and the Lake Moultrie and Lake Marion Regional Water Systems after elimination of inter-company accounts and transactions.

B - System of Accounts - The accounting records of the Authority are maintained on an accrual basis in accordance with accounting principles generally accepted in the United States ("GAAP") issued by the Governmental Accounting Standards Board ("GASB") applicable to governmental entities that use proprietary fund accounting.

The accounts are maintained substantially in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission ("FERC") for the electric system and the National Association of Regulatory Utility Commissioners ("NARUC") for the water systems.

The Authority also complies with policies and practices prescribed by its Board and practices common in both industries. As the Board is authorized to set rates, the Authority follows GASB 62. This standard provides for the reporting of assets and liabilities consistent with the economic effect of the rate structure.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions in the Authority's reporting. This practice affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

C - Current and Noncurrent - The Authority presents assets and liabilities in order of relative liquidity. The liquidity of an asset is determined by how readily it is expected to be converted to cash and whether restrictions limit the use of the resources. The liquidity of a liability is based on its maturity, or when cash is expected to be used to liquidate the liability.

D - Restricted Assets - For purposes of the Statements of Net Position and Statements of Cash Flows, assets are restricted when constraints are placed on their use by either:

(1) External creditors, grantors, contributors, or laws or regulations of other governments; or
(2) Law through constitutional provisions or enabling legislation.

Assets not meeting the requirements of restricted or invested in capital assets, net of related debt, are classified as unrestricted.

E - Cash and Cash Equivalents - For purposes of the Statements of Net Position and Statements of Cash Flows, the Authority considers highly liquid investments with original maturities of ninety days or less, and cash on deposit with financial institutions, as unrestricted and restricted cash and cash equivalents.

F - Inventory - Material and fuel inventories are carried at weighted average costs. At the time of issuance or consumption, an expense is recorded at the weighted average cost.

G - Utility Plant - Utility plant is recorded at cost, which includes materials, labor, overhead and interest capitalized during construction. Interest is capitalized only when interest payments are funded through borrowings. The Authority capitalized $0 and $67.9 million of interest in 2018 and 2017, respectively. Other interest expense is recovered currently through rates. The costs of maintenance, repairs and minor replacements are charged to appropriate operation and maintenance expense accounts. The costs of renewals and betterments are capitalized. The original cost of utility plant retired and the cost of removal, less salvage, are charged to accumulated depreciation.

H - Depreciation - Depreciation is computed using composite rates on a straight-line basis over the estimated useful lives of the various classes of the plant. Composite rates are applied to the gross plant balance of various classes of assets which includes appropriate adjustments for cost of removal and salvage. The Authority periodically has depreciation studies performed by independent parties to assist management in establishing appropriate composite depreciation rates. For assets not grouped in a plant class, straight-line depreciation is used over the estimated useful life of the asset.

Annual depreciation provisions, expressed as a percentage of average depreciable utility plant in service, were as follows:

Years Ended December 31,	**2018**	2017
Annual average depreciation percentages	**2.5%**	2.5%

I - Retirement of Long Lived Assets - The Authority follows the guidance of FASB ASC 410 in regard to the decommissioning of V.C. Summer Nuclear Station ("Summer Nuclear Unit 1") and closing coal-fired generation ash ponds. The requirements for both were recorded within capital assets on the accompanying Statements of Net Position.

The asset retirement obligation ("ARO") is adjusted each period for any liabilities incurred or settled during the period, accretion expense and any revisions made to the estimated cash flows. The following table summarizes the Authority's transactions:

Years Ended December 31,	**2018**			2017		
	Nuclear	**Ash Ponds**	**Total**	Nuclear	Ash Ponds	Total
			(Millions)			
Reconciliation of ARO Liability:						
Balance as of January 1,	**$ 414.8**	**$ 315.2**	**$ 730.0**	$ 403.9	$ 336.0	$ 739.9
Accretion expense	**11.2**	**(24.6)**	**(13.4)**	10.9	(20.8)	(9.9)
Balance as of December 31,	**$ 426.0**	**$ 290.6**	**$ 716.6**	$ 414.8	$ 315.2	$ 730.0
Asset Retirement Cost (ARC):	**$ 92.0**	**$ 173.1**	**$ 265.1**	$ 92.0	$ 173.1	$ 265.1
Regulatory Asset - ARO	**$ 421.9**	**$ 288.4**	**$ 710.3**	$ 406.1	$ 287.9	$ 694.0

J - Reporting Impairment Losses - The Authority follows the guidance of GASB 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, in determining if a capital asset has been impaired and the accounting treatment of such impairment. An impairment is a significant, unexpected decline in the service utility of a capital asset. Events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used should be reclassified from plant balances and CWIP to another asset category and reported at the lower of carrying value or fair value.

On July 31, 2017, the Board made a decision to suspend construction on Summer Nuclear Units 2 and 3. As a result of the suspension and evaluation of circumstances, Summer Nuclear Units 2 and 3 were determined to be impaired and were written down to fair value. The resulting write-off of Summer Nuclear Units 2 and 3 construction costs, which include capitalized interest, for the year ended December 31, 2017 totaled $4.211 billion. (See Note 7 - Summer Nuclear Station- Summer Nuclear Units 2 and 3).

There were no new impairment losses for 2018, although there was a decrease of $8.3 million charged to the nuclear impairment regulatory asset for adjustments after year end 2017.

K - Other Regulatory Items - In accordance with GASB 62's guidance on regulated operations, regulated accounting rules may be applied to business type activities that have regulated operations if certain criteria are met. GASB 65, paragraph 29, further clarified regulatory accounting rules under GASB 62. Under regulatory accounting a regulated utility may defer recognition of expenses or revenues if certain criteria are met and the revenues and expenses will be included in future rates. Significant regulatory items are presented as follows:

Pee Dee
The Authority made the decision in 2007 to build a coal-fired generation plant in Florence County, South Carolina. In 2009 the Authority chose not to proceed with this plant. Assets related to this project are classified as other current and noncurrent regulatory assets. The Board gave approval to write off the total asset balance of $261.3 million over a seven-year period ending December 2020. Accordingly, $41.6 million and $42.2 million were written off in 2018 and 2017, respectively. The remaining balance outstanding at December 31, 2018 was $83.2 million.

Summer Nuclear Units 2 and 3
On December 11, 2017, the Board approved the use of regulatory accounting for a portion of the nuclear post-suspension interest balance of $37.1 million. As of December 31, 2018, the balance remains the same and the write-off of the regulatory asset will not begin until 2022.

Based on a Board resolution dated January 22, 2018, the use of regulatory accounting was approved for the Summer Nuclear Units 2 and 3. The Board gave approval to write-off the total asset balance of $4.203 billion aligned with the debt service collected in rates. Accordingly, $4.9 million was written off in 2018. The remaining balance outstanding at December 31, 2018 was $4.198 billion.

Regulatory Liability – Toshiba Settlement Agreement.
The Board of Directors approved a resolution dated December 11, 2017, authorizing use of regulatory accounting to defer recognition of income from the Toshiba Settlement Agreement. The Authority recorded a regulatory deferred inflow of $898.2 million. The deferred inflow will be amortized to align with the manner in which debt service is reduced as a result of using the proceeds. During 2018, $176.6 million was amortized, leaving a balance of $732.3 million in the regulatory liability.

Unfunded OPEB Liability
On October 13, 2017, the Board approved the use of regulatory accounting to offset the initial unfunded OPEB liability resulting from implementation of GASB 75. As a result, the Authority recorded a regulatory asset of $165.2 million. The regulatory asset will be amortized to expense in accordance with a Level Dollar, 30-year closed amortization period funding schedule provided by the Actuary. During 2018, $12.0 million was amortized to coincide with a deposit to the trust of the same amount. The remaining balance outstanding at December 31, 2018 was $153.2 million.

L - Investment in Associated Companies - The Authority is a member of The Energy Authority ("TEA"). Approximate ownership interests in TEA as of December 31, 2018 and 2017 were as follows:

Years Ended December 31,	**2018**	2017
Owners	Ownership (%)	
City Utilities of Springfield (Missouri)	**5.55**	5.55
Cowlitz Public Utility District (Washington)	**5.55**	5.55
Gainesville Regional Utilities (Florida)	**5.55**	5.55
American Municipal Power (Ohio)	**16.67**	16.67
JEA (Florida)	**16.67**	16.67
MEAG Power (Georgia)	**16.67**	16.67
Nebraska Public Power District (Nebraska)	**16.67**	16.67
Santee Cooper (South Carolina)	**16.67**	16.67
Total	**100.00**	100.00

TEA markets wholesale power and coordinates the operation of the generation assets of its members to maximize the efficient use of electrical energy resources, reduce operating costs and increase operating revenues of the members. It is expected to accomplish the foregoing without impacting the safety and reliability of the electric system of each member. TEA does not engage in the construction or ownership of generation or transmission assets. In addition, it assists members with fuel hedging activities and acts as an agent in the execution of forward transactions. The Authority accounts for its investment in TEA under the equity method of accounting.

All of TEA's revenues and costs are allocated to the members. The following table summarizes the transactions applicable to the Authority:

Years Ended December 31,	2018	2017
	(Thousands)	
TEA Investment:		
Balance as of January 1,	**$ 6,382**	$ 6,391
Reduction to power costs and increases in electric revenues	**46,190**	46,237
Less: Distributions from TEA	**45,522**	46,122
Less: Other (includes equity losses)	**105**	124
Balance as of December 31,	**$ 6,945**	$ 6,382
Due To/Due From TEA:		
Payable to	**$ 21,526**	$ 26,871
Receivable from	**$ 1,785**	$ 3,346

The Authority's exposure relating to TEA is limited to the Authority's capital investment, any accounts receivable and trade guarantees provided by the Authority. These guarantees are within the scope of FASB ASC 952. Upon the Authority making any payments under its electric guarantee, it has certain contribution rights with the other members in order that payments made under the TEA member guarantees would be equalized ratably, based upon each member's equity ownership interest. After such contributions have been affected, the Authority would only have recourse against TEA to recover amounts paid under the guarantee. The term of this guarantee is generally indefinite, but the Authority has the ability to terminate its guarantee obligations by providing advance notice to the beneficiaries thereof. Such termination of its guarantee obligations only applies to TEA transactions not yet entered into at the time the termination takes effect. The Authority's support of TEA's trading activities is limited based on the formula derived from the forward value of TEA's trading positions at a point in time. The formula was approved by the Authority's Board. At December 31, 2018, the trade guarantees are an amount not to exceed approximately $84.6 million.

The Authority is also a member of TEA Solutions. TEA Solutions is a publicly supported non-profit corporation. Members and ownership interests in TEA Solutions as of December 31, 2018 and 2017were as follows:

Years Ended December 31,	2018	2017
Owners	Ownership (%)	
Cowlitz Public Service District (Washington)	**0.0**	8.0
American Municipal Power (Ohio)	**25.0**	23.0
JEA (Florida)	**25.0**	23.0
MEAG Power (Georgia)	**25.0**	23.0
Santee Cooper (South Carolina)	**25.0**	23.0
Total	**100.0**	100.0

TEA Solutions was formed mainly to (1) coordinate the operation of electric generation resources and the purchase and sale of electric power on behalf of the corporation's clients; (2) coordinate the purchase and sale of natural gas relating to fuel for clients' generation of electric energy or relating to clients' operation of a retail gas distribution system; and (3) provide consulting and software services to clients.

The Authority funded its initial share of TEA Solutions with a $150,000 contribution in 2013. This contribution was to cover legal, consulting and other start-up costs pertaining to TEA Solutions. The Authority's exposure relating to TEA Solutions is limited to the Authority's capital investment, any accounts receivable and trade guarantees provided by the Authority. The balance in its member equity account at December 31, 2018 and 2017 was approximately $229,564 and $206,000, respectively.

M - Deferred Outflows / Deferred Inflows of Resources - In addition to assets, the Statements of Net Position reports a separate section for Deferred Outflows of Resources. These items represent a consumption of net position that applies to a future period and until that time will not be recognized as an expense or expenditure. The Authority has four items meeting this criterion: (1) deferred outflows – pension; (2) accumulated decrease in fair value of hedging derivatives; (3) unamortized loss on refunded and defeased debt; and (4) deferred outflows – OPEB.

In addition to liabilities, the Statements of Net Position also reports a separate section for Deferred Inflows of resources. These items represent an acquisition of net position that applies to a future period and until that time will not be recognized as revenue. The Authority

has five items meeting this criterion: (1) deferred inflows – pension; (2) accumulated increase in fair value of hedging derivatives; (3) nuclear decommissioning costs; (4) Toshiba settlement; and (5) deferred inflows – OPEB.

The following table summarizes the Authority's total deferred items:

Years Ended December 31,		**2018**		2017
		(Thousands)		
Deferred outflows of resources	**$**	**239,411**	$	239,722
Deferred inflows of resources	**$**	**966,279**	$	1,135,173

N - Accounting for Derivative Instruments **-** In compliance with GASB 53 and 64, the annual changes in the fair value of effective hedging derivative instruments are required to be deferred (reported as deferred outflows of resources and deferred inflows of resources on the Statements of Net Position). Deferral of changes in fair value generally lasts until the transaction involving the hedged item ends.

Natural gas and heating oil, core business commodity inputs for the Authority, have historically been hedged in an effort to mitigate gas and oil cost risk by reducing cost volatility and improving cost effectiveness. Unrealized gains and losses related to such activity are deferred in a regulatory account and recognized in earnings as fuel costs are incurred in the production cycle.

A summary of the Authority's derivative activity for years ended December 31, 2018 and 2017 is below:

Cash Flow Hedges and Summary of Activity

Years Ended December 31,			**2018**		2017
	Account Classification		(Millions)		
Fair Value					
Natural gas	Regulatory assets/liabilities	**$**	**(37.4)**	$	(37.4)
Heating oil	Regulatory assets/liabilities		**(0.6)**		2.9
Changes in Fair Value					
Natural gas	Regulatory assets/liabilities	**$**	**0.0**	$	(6.4)
Heating oil	Regulatory assets/liabilities		**(3.5)**		1.5
Recognized Net Gains (Losses)					
Natural gas	Operating expense-fuel	**$**	**(9.2)**	$	(19.2)
Heating oil	Operating expense-fuel		**3.3**		0.5
Realized But Not Recognized Net Gains (Losses)					
Natural gas	Regulatory assets/liabilities	**$**	**(1.7)**	$	(6.9)
Heating oil	Regulatory assets/liabilities		**(0.0)**		(0.2)
Notional					
			MBTUs		
Natural gas			**123,140**		171,056
			Gallons (000s)		
Heating oil			**8,484**		7,602
Maturities					
Natural gas			**Jan 2019-Dec 2022**		Jan 2018-Dec 2022
Heating oil			**Jan 2019-Dec 2020**		Jan 2018-Dec 2019

O - Revenue Recognition and Fuel Costs **-** Substantially all wholesale and industrial revenues are billed and recorded at the end of each month. Revenues for electricity delivered to retail customers but not billed are accrued monthly. Accrued revenue for retail customers totaled $15.8 million in 2018 and $15.4 million in 2017.

Fuel costs are reflected in operating expenses as fuel is consumed. All customers are billed utilizing rates and contracts that include fuel cost recovery components, the majority of which include monthly automatic fuel adjustment provisions which provide for adjustments to the base rates to cover increases or decreases in the cost of fuel to the extent such costs vary from the predetermined base rates. The fuel adjustment provisions are based on either the accrued costs for the previous month or the actual weighted average costs for the previous three-month period.

Rates to Central are determined in accordance with the cost of service methodology contained in the Central Agreement. Under this agreement Central initially pays monthly based on estimated rates and actual loads. The charges are then adjusted to reflect actual costs and loads, on a monthly basis for fuel and an annual basis for all other costs, and Central is charged or credited with the difference.

P - Bond Issuance Costs and Refunding Activity - GASB 62 requires that any gains or losses resulting from extinguishment of debt be expensed at the time of extinguishment. GASB 65 requires that debt issuance costs be expensed in the period incurred. In order to align the impact of these pronouncements with the Authority's rate making process, in October 2012, the Board authorized the use of regulatory accounting to allow continuation of prior accounting treatment with regard to these costs.

Consistent with prior accounting periods, unamortized debt discounts, premiums and expenses are amortized to income over the terms of the related debt issues. Gains or losses on refunded and extinguished debt are amortized to earnings over the shorter of the remaining life of the refunded debt or the life of the new debt.

Q - Distribution to the State - Any and all net earnings of the Authority not necessary for the prudent conduct and operation of its business in the best interests of the Authority or to pay the principal of and interest on its bonds, notes, or other evidences of indebtedness or other obligations, or to fulfill the terms and provisions of any agreements made with the purchasers or holders thereof or others must be paid over semiannually to the State Treasurer for the general funds of the State. Nothing in this section shall prohibit the Authority from paying to the State each year up to one percent of its projected operating revenues, as such revenues would be determined on an accrual basis, from the combined electric and water systems. (Code of Laws of South Carolina, as amended Section 58-31-110).

Distributions made to the State in 2018 and 2017 totaled approximately $17.4 million and $17.8 million, respectively.

R - New Accounting Standards -

STATEMENT NO. & ISSUE DATE	TITLE/SUMMARY	SUMMARY OF ACTION BY THE AUTHORITY
Statement No. GASB 74	**Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans**	Implemented in 2017
Issue Date: June 2015	Effective for Periods Beginning After: June 15, 2016	
Description:	The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.	

Statement No. GASB 75 **Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions** Implemented in 2018

Issue Date: June 2015 Effective for Periods Beginning After: June 15, 2017

Description: The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

Statement No. GASB 80 **Blending Requirements for Certain Component Units—an amendment of GASB Statement 14**

Reviewed and no action required

Issue Date: January 2016 Effective for Periods Beginning After: June 15, 2016

Description: The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*.

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

Statement No. GASB 81 **Irrevocable Split-Interest Agreements** Reviewed and no action required

Issue Date: March 2016 Effective for Periods Beginning After: December 15, 2016

Description: The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

Statement No. GASB 82 **Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73** Implemented in 2017

Issue Date: March 2016 Effective for Periods Beginning After: June 15, 2016

Description: The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Statement No. GASB 83 **Certain Asset Retirement Obligations** Under review

Issue Date: November 2016 Effective for Periods Beginning After: June 15, 2018

Description: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

Statement No. GASB 84 **Fiduciary Activities** Under review

Issue Date: January 2017 Effective for Periods Beginning After: December 15, 2018

Description: The objective of this Statement is to improve guidance regarding identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

Statement No. GASB 85 **Omnibus 2017** Reviewed and no action required

Issue Date: March 2017 Effective for Periods Beginning After: June 15, 2017

Description: The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

Statement No. GASB 86 **Certain Debt Extinguishment Issues** Reviewed and no action required

Issue Date: May 2017 Effective for Periods Beginning After: June 15, 2017

Description: The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Statement No. GASB 87 **Leases** Under review

Issue Date: June 2017 Effective for Periods Beginning After: December 15, 2019

Description: The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Statement No. GASB 88 **Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements**

Issue Date: April 2018 Effective for Periods Beginning After: June 15, 2018 Under review

Description: The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

Statement No. GASB 89 **Accounting for Interest Cost Incurred before the End of a Construction Period** Under review

Issue Date: June 2018 Effective for Periods Beginning After: December 15, 2019

Description: The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund .

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

Statement No. GASB 90 **Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61** Under review

Issue Date: August 2018 Effective for Periods Beginning After: December 15, 2018

Description: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

Note 2 – Costs to be Recovered From Future Revenue (CTBR)

The Authority's rates are established based upon debt service and operating fund requirements. Depreciation is not considered in the cost of service calculation used to design rates. In accordance with GASB 62, the differences between debt principal maturities (adjusted for the effects of premiums, discounts, expenses and amortization of deferred gains and losses) and depreciation on debt financed assets are recognized as CTBR. The recovery of outstanding amounts recorded as CTBR will coincide with the repayment of the applicable outstanding debt. The Authority's summary of CTBR activity is recapped below:

Years Ended December 31,	**2018**	2017
	(Millions)	
CTBR regulatory asset:		
Balance	**$ 225.6**	$ 229.8
CTBR expense/(reduction to expense):		
Net expense	**$ 4.3**	$ 4.3

Note 3 – Capital Assets

Capital asset activity for the years ended December 31, 2018 and 2017 was as follows:

	Beginning Balances	**Increases**	**Decreases**	**Ending Balances**
		Year 2018 (Thousands)		
Utility plant	**$ 7,545,203**	**$ 153,718**	**$ (20,857)**	**$ 7,678,064**
Long lived assets-asset retirement cost	**265,116**	**0**	**0**	**265,116**
Accumulated depreciation	**(3,773,415)**	**(216,320)**	**56,584**	**(3,933,151)**
Total utility plant-net	**4,036,904**	**(62,602)**	**35,727**	**4,010,029**
Construction work in progress	**763,490**	**415,666**	**(161,986)**	**1,017,170**
Other physical property-net	**31,628**	**0**	**(1,943)**	**29,685**
Totals	**$ 4,832,022**	**$ 353,064**	**$ (128,202)**	**$ 5,056,884**

	Beginning Balances	Increases	Decreases	Ending Balances
		Year 2017 (Thousands)		
Utility plant	$ 7,271,505	$ 310,248	$ (36,550)	$ 7,545,203
Long lived assets-asset retirement cost	265,116	0	0	265,116
Accumulated depreciation	(3,620,430)	(212,721)	59,736	(3,773,415)
Total utility plant-net	3,916,191	97,527	23,186	4,036,904
Construction work in progress	4,292,907	949,829	(4,479,246)[1]	763,490
Other physical property-net	5,689	26,164	(225)	31,628
Totals	$ 8,214,787	$ 1,073,520	$ (4,456,285)	$ 4,832,022

[1] Includes a reclassification of $4.211 billion for impaired nuclear assets from construction work in progress to a regulatory asset as a result of the suspension of construction of Summer Nuclear Units 2 and 3.

Note 4 – Cash and Investments Held by Trustee and Fund Details

All cash and investments of the Authority are held and maintained by custodians and trustees. The use of unexpended proceeds from sale of bonds, debt service funds and other sources is designated in accordance with applicable provisions of various bond resolutions, the Enabling Act included in the South Carolina Code of Laws (the "Enabling Act") or by management directive. Restricted funds have constraints placed on their use (see Note 1 - D – "Restricted Assets"). The use of unrestricted funds may be either designated for a specific use by management directive or undesignated, but are available to provide liquidity for operations as needed.

Following are the details of the Authority's funds which are classified in the accompanying financial statements as unrestricted and restricted cash, cash equivalents and investments:

Years Ended December 31,	**2018**			2017		
Funds	**Cash & Cash Equivalents**	**Investments**	**Total**	Cash & Cash Equivalents	Investments	Total
			(Thousands)			
Current Unrestricted:						
Capital Improvement	**$ 80,514**	**$ 143,163**	**$ 223,677**	$ 12,848	$ 62,343	$ 75,1911
Debt Reduction	**35,067**	**77,158**	**112,225**	23,043	87,166	110,209
Funds from Taxable Borrowings	**-**	**-**	**-**	2,488	35,907	38,395
General Improvement	**22**	**-**	**22**	960	1,944	2,904
Internal Nuclear Decommissioning Fund	**2,881**	**75,479**	**78,360**	1,764	88,362	90,126
Nuclear Fuel	**11,273**	**5,998**	**17,271**	18,915	11,999	30,914
Revenue and Operating	**133,358**	**58,687**	**192,045**	37,506	79,826	117,332
Toshiba Guarantee Settlement Fund	**170,622**	**49,657**	**220,279**	609,265	288,409	897,674
Special Reserve	**41,864**	**64,127**	**105,991**	24,969	84,821	109,790
Total	**$ 475,601**	**$ 474,269**	**$ 949,870**	$ 731,758	$ 740,777	$ 1,472,535
Current Restricted:						
Funds from Tax-exempt Borrowings	**$ -**	**$ -**	**$ -**	$ 16,496	$ 113,740	$ 130,236
Debt Service Funds and Other	**53,600**	**18,666**	**72,266**	54,842	49,620	104,462
Total	**$ 53,600**	**$ 18,666**	**$ 72,266**	$ 71,338	$ 163,360	$ 234,698
Noncurrent Restricted:						
External Nuclear Decommissioning Trust	**$ 5,247**	**$ 130,714**	**$ 135,961**	$ 27	$ 135,654	$ 135,681
Total	**$ 5,247**	**$ 130,714**	**$ 135,961**	$ 27	$ 135,654	$ 135,681
TOTAL FUNDS	**$ 534,448**	**$ 623,649**	**$ 1,158,097**	$ 803,123	$ 1,039,791	$ 1,842,914

Cash and investments as of December 31, consisted of the following:		
Cash/Deposits	**$ 60,586**	$ (435)
Investments	**1,097,511**	1,843,349
Total cash and investments	**$ 1,158,097**	$ 1,842,914

Current Unrestricted Funds - These funds are used for operating activities for the Authority's respective systems. Although funds are segregated per management directive based on their intended use, since no restrictions apply, the funds are available to provide additional liquidity for operations. Included in this category is the internal Nuclear Decommissioning Fund intended by management to be used to offset future nuclear decommissioning costs and represents amounts in excess of the mandated Nuclear Regulatory Commission ("NRC") decommissioning requirement which is funded separately in an external Nuclear Decommissioning Trust. Also included are funds from taxable borrowings intended to be used for both capital construction costs and for working capital purposes, as expected at the time proceeds are borrowed, as well as funds received from the Toshiba Settlement Agreement (See Footnote 7 – Summer Nuclear Station – Summer Nuclear Units 2 and 3), intended to be used to lower debt cost.

Current Restricted Funds - These funds are restricted in their allowed use. Debt service funds are restricted for payment of principal and interest debt service on outstanding debt. Funds from tax-exempt borrowings are intended to be used for capital construction costs as expected at the time proceeds are borrowed and are restricted pursuant to sections of both the U.S. Treasury Regulations and the Internal Revenue Code that govern the use of tax-exempt debt. Other funds are restricted for other special purposes.

Noncurrent Restricted Funds - These funds are restricted as to their specific use. The external Nuclear Decommissioning Trust is restricted for future nuclear decommissioning costs and represents the mandated NRC funding requirements.

The Authority's investments are authorized by the Enabling Act, the Authority's investment policy and the Revenue Obligation Resolution. Authorized investment types include Federal Agency Securities, State of South Carolina General Obligation Bonds and U.S. Treasury Obligations, all of which are limited to a 10 year maximum maturity in all portfolios, except the decommissioning funds. Certificate of Deposits and Repurchase Agreements are also authorized with a maximum maturity of one year.

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the gains and losses in fair value are reflected as a component of non-operating income in the Statements of Revenues, Expenses and Changes in Net Position.

The Authority's investment activity in all fund categories is summarized as follows:

Years Ended December 31,	**2018**	2017
Total Portfolio	(Billions)	
Total investments	**$ 1.1**	$ 1.8
Purchases	**28.9**	28.7
Sales	**29.6**	28.7
Nuclear Decommissioning Portfolios[1]	(Millions)	
Total investments	**$ 209.1**	$ 225.8
Purchases	**997.1**	662.8
Sales	**1,009.6**	658.7
Unrealized holding gain/(loss)	**5.7**	4.2
Repurchase Agreements [2]	(Millions)	
Balance at December 31	**$ 100.0**	$ 100.0

[1] During 2018, due to an estimated overfunding in the Internal Nuclear Decommissioning Fund, $12.0 million was released from the fund, crediting decommissioning expense.

[2] Securities underlying repurchase agreements must have a market value of at least 102 percent of the cost of the repurchase agreement and are delivered by broker/dealers to the Authority's custodial agents.

Common deposit and investment risks related to credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk are as follows:

Risk Type	Exposure
Credit Risk - Risk that an issuer of an investment will not fulfill its obligation to the holder of the investments. Measured by the assignment of rating by a nationally recognized statistical rating organization.	As of December 31, 2018 and 2017, all of the agency securities held by the Authority were rated AAA by Fitch Ratings, Aaa by Moody's Investors Service, Inc. and AA+ by Standard & Poor's Rating Services.
Custodial Credit Risk-Investments - Risk that, in the event of the failure of the counterparty to a transaction, an entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party.	As of December 31, 2018 and 2017, all of the Authority's investment securities are held by the Trustee or Agent of the Authority and therefore, there is no custodial risk for investment securities.
Custodial Credit Risk-Deposits - Risk that, in the event of the failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.	At December 31, 2018 and 2017, the Authority had no exposure to custodial credit risk for deposits that were uninsured and/or collateral that was held by the bank's agent not in the Authority's name.
Concentration of Credit Risk - The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer.	Investments in any one issuer (other than U. S. Treasury securities) that represent five percent or more of total Authority investments at December 31, 2018 and 2017 were as follows:

Security Type / Issuer	Fair Value 2018	Fair Value 2017
	(Thousands)	
Federal Agency Fixed Income Securities		
Federal Home Loan Bank	**$ 381,754**	$ 218,217
Federal National Mortgage Association	**Less than 5%**	124,782
Federal Farm Credit Bank	**249,726**	218,664
Federal Home Loan Mortgage Corp	**Less than 5%**	Less than 5%

Interest Rate Risk - Risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Authority manages its exposure to interest rate risk by investing in securities that mature as necessary to provide the cash flow and liquidity needed for operations. The following table shows the distribution of the Authority's investments by maturity as of December 31, 2018 and 2017:

		Investment Maturities as of December 31, 2018			
Security Type	**Fair Value**	**Less than 1 Year**	**1 - 5**	**6 - 10**	**More than 10 Years**
		(Thousands)			
Collateralized Deposits	**$ 202,201**	**$ 202,201**	**$ 0**	**$ 0**	**$ 0**
Repurchase Agreements	**100,000**	**100,000**	**0**	**0**	**0**
Federal Agency Discount Notes	**389,253**	**389,253**	**0**	**0**	**0**
Federal Agency Securities	**325,254**	**139,734**	**36,982**	**27,110**	**121,428**
US Treasury Bills, Notes and Strips	**80,803**	**61,501**	**0**	**0**	**19,302**
	$ 1,097,511	**$ 892,689**	**$ 36,982**	**$ 27,110**	**$ 140,730**

		Investment Maturities as of December 31, 2017			
Security Type	Fair Value	Less than 1 Year	1 - 5	6 - 10	More than 10 Years
		(Thousands)			
Certificates of Deposits	$ 522,530	$ 522,530	$ 0	$ 0	$ 0
Repurchase Agreements	100,000	100,000	0	0	0
Federal Agency Discount Notes	262,305	262,305	0	0	0
Federal Agency Securities	635,026	410,509	107,868	11,029	105,620
US Treasury Bills, Notes and Strips	323,488	303,054	876	0	19,558
	$ 1,843,349	$ 1,598,398	$ 108,744	$ 11,029	$ 125,178

The Authority holds zero coupon bonds which are highly sensitive to interest rate fluctuations in both the Nuclear Decommissioning Trust and Nuclear Decommissioning Fund. Together these accounts hold $31.8 million par in U.S. Treasury Strips ranging in maturity from May 15, 2019 to May 15, 2039. The accounts also hold $25.5 million par in government agency zero coupon securities in the two portfolios ranging in maturity from March 7, 2019 to April 15, 2030. Zero coupon bonds or U.S. Treasury Strips are subject to wider swings in their market value than coupon bonds. These portfolios are structured to hold these securities to maturity or early redemption. The Authority has a buy and hold strategy for these. Based on the Authority's current decommissioning assumptions, it is anticipated that no funds will be needed any earlier than 2042. The Authority has no other investments that are highly sensitive to interest rate fluctuations.

Foreign Currency Risk - Risk exists when there is a possibility that changes in exchange rates could adversely affect investment or deposit fair market value.

The Authority is not authorized to invest in foreign currency and therefore has no exposure.

Fair Value of Investments

The Authority measures and records its investments using fair value measurement guidelines established by GAAP. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;
Level 2: Observable inputs other than quoted market prices; and,
Level 3: Unobservable inputs.

The Authority had the following recurring fair value measurements as of December 31, 2018 and 2017:

		Level		
2018	**Total**	**1**	**2**	**3**
		(Thousands)		
Collateralized Deposits	**$ 202,201**	**$ 0**	**$ 202,201**	**$ 0**
Repurchase Agreements	**100,000**	**0**	**100,000**	**0**
Federal Agency Discount Notes	**389,253**	**0**	**389,253**	**0**
Federal Agency Securities	**325,254**	**0**	**325,254**	**0**
US Treasury Bills, Notes and Strips	**80,803**	**0**	**80,803**	**0**
	$ 1,097,511	**$ 0**	**$ 1,097,511**	**$ 0**

		Level		
2017	Total	1	2	3
		(Thousands)		
Certificates of Deposits	$ 522,530	$ 0	$ 522,530	$ 0
Repurchase Agreements	100,000	0	100,000	0
Federal Agency Discount Notes	262,305	0	262,305	0
Federal Agency Securities	635,026	0	635,026	0
US Treasury Bills, Notes and Strips	323,488	0	323,488	0
	$ 1,843,349	$ 0	$ 1,843,349	$ 0

Debt securities classified in Level 1 are valued using prices quoted in active markets for those securities. Certificates of Deposits and Repurchase Agreements classified in Level 2 are valued using pricing based on the securities' relationship to benchmark quoted prices.

Note 5 – Long -Term Debt

Debt Outstanding

The Authority's long-term debt at December 31, 2018 and 2017 consisted of the following:

	2018	2017	Interest Rate(s) (1)	Call Price (2)
	(Thousands)		(%)	(%)
Revenue Obligations: (mature through 2056)				
2004 Series M (4)	**$ 11,386**	$ 11,510	4.90-5.00	100/Accreted Value
2005 Series M (4)	**4,152**	4,291	4.35	100/Accreted Value
2006 Series M (4)	**3,428**	8,134	4.20	100/Accreted Value
2007 Refunding Series B	**0**	12,410	N/A	N/A
2008 Series M (4)	**15,088**	21,084	4.50-4.80	100/Accreted Value
2009 Tax-exempt Refunding Series A	**9,520**	59,210	4.00-4.80	100
2009 Taxable Series C	**65,975**	71,440	5.14-6.224	P&I Plus Make-Whole Premium
2009 Tax-exempt Series E	**2,285**	2,285	4.75	100
2009 Taxable Series F	**100,000**	100,000	5.74	P&I Plus Make-Whole Premium
2010 Series M1 (4)	**20,354**	21,252	3.50-4.30	100/Accreted Value
2010 Refunding Series B	**64,150**	101,455	4.00-5.00	100
2010 Series M2 (4)	**11,608**	12,595	2.875-3.875	100/Accreted Value
2010 Series C (Build America Bonds) (3)	**360,000**	360,000	6.454	P&I Plus Make-Whole Premium
2011 Series M1 (4)	**22,035**	23,341	3.50-4.80	100/Accreted Value
2011 Refunding Series B	**51,680**	144,620	4.00-5.00	Non-callable
2011 Refunding Series C	**135,855**	135,855	4.375-5.00	100
2011 Series M2 (4)	**18,475**	19,515	2.70-4.20	100/Accreted Value
2012 Refunding Series A	**66,505**	74,520	3.00-5.00	100
2012 Refunding Series B	**12,200**	12,200	5.00	Non-callable
2012 Refunding Series C	**27,045**	34,555	5.00	Non-callable
2012 Tax-exempt Series D	**292,460**	298,785	3.50-5.00	100
2012 Taxable Series E	**262,830**	262,830	3.572-4.551	P&I Plus Make-Whole Premium
2012 Series M1 (4)	**16,619**	18,158	2.55-4.00	100/Accreted Value
2012 Series M2 (4)	**14,437**	15,624	2.25-3.70	100/Accreted Value
2013 Series M1 (4)	**18,716**	22,207	1.30-3.90	100/Accreted Value
2013 Tax-exempt Series A	**152,655**	252,655	5.00-5.75	100
2013 Tax-exempt Refunding Series B	**388,730**	388,730	5.00-5.125	100
2013 Taxable Series C	**250,000**	250,000	5.784	P&I Plus Make-Whole Premium
2013 Tax-exempt Series E	**506,765**	506,765	5.00-5.50	100
2014 Series M1 (4)	**31,161**	34,040	3.00-4.30	100/Accreted Value
2014 Tax-exempt Series A	**525,000**	525,000	5.00-5.50	100
2014 Tax-exempt Refunding Series B	**42,275**	42,275	5.00	100
2014 Tax-exempt Refunding Series C	**696,605**	704,525	3.00-5.50	100
2014 Taxable Refunding Series D	**31,795**	31,795	2.906-3.606	P&I Plus Make-Whole Premium
2015 Tax-exempt Refunding Series A	**586,340**	591,825	3.00-5.00	100
2015 Tax-exempt Refunding Series B	**64,870**	64,870	5.00	Non-callable
2015 Series M1 (4)	**32,974**	35,437	1.75-3.85	100/Accreted Value
2015 Tax-exempt Refunding Series C	**155,080**	198,770	5.00	Non-callable
2015 Taxable Series D	**169,657**	169,657	4.77	P&I Plus Make-Whole Premium
2015 Tax-exempt Series E	**300,000**	300,000	5.25	100

	2018	2017	Interest Rate(s) (1)	Call Price (2)
		(Thousands)	(%)	(%)
2016 Tax-exempt Refunding Series A	**543,745**	543,745	3.125-5.00	100
2016 Series M1 (4)	**38,654**	41,294	1.65-3.75	100/Accreted Value
2016 Tax-exempt Refunding Series B	**508,705**	508,705	2.25-5.25	100
2016 Tax-exempt Refunding Series C	**52,400**	52,400	3.00-5.00	100
2016 Taxable Series D	**322,650**	322,650	2.388	P&I Plus Make-Whole Premium
Total Revenue Obligations	**7,006,864**	7,413,014		
Long-Term Revolving Credit Agreement: (matures through 2029)	**25,266**	101,500	N/A	N/A
Less: Current Portion - Long-term Debt	**63,450**	48,546		
Total Long-term Debt - (Net of current portion)	**$ 6,968,680**	$ 7,465,968		

(1) Interest Rates apply only to bonds outstanding as of December 31, 2018.

(2) Call Price may only apply to certain maturities outstanding at December 31, 2018.

(3) These bonds were issued as "Build America Bonds" under the American Recovery and Reinvestment Act of 2009 and are eligible to receive an interest subsidy payment from the United States Department of Treasury in an amount up to 35% of interest payable on the bonds.

(4) Includes Current Interest Bearing Bonds (CIBS) and Capital Appreciation Bonds (CABS).

Changes in Long-Term Debt

Long-term debt (LTD) activity for the years ended December 31, 2018 and 2017 was as follows:

	Gross LTD Beginning Balances	Increases	Decreases	Gross LTD Ending Balances	Current Portion LTD	Total LTD (Net of Current Portion)	Unamortized Debt Discounts and Premiums	LTD-Net Ending Balances
				YEAR 2018 (Thousands)				
Revenue Obligations	**$ 7,413,014**	**$ 2,715**	**$ (408,865)**	**$ 7,006,864**	**$ 63,450**	**$ 6,943,414**	**$ 386,877**	**$ 7,330,291**
Long-Term Revolving Credit Agreement	**101,500**	**0**	**(76,234)**	**25,266**	**0**	**25,266**	**0**	**25,266**
Totals	**$ 7,514,514**	**$ 2,715**	**$ (485,099)**	**$ 7,032,130**	**$ 63,450**	**$ 6,968,680**	**$ 386,877**	**$ 7,355,557**
				YEAR 2017 (Thousands)				
Revenue Obligations	$ 7,695,552	$ 3,124	$ (285,662)	$ 7,413,014	$ 48,546	$ 7,364,468	$ 431,174	$ 7,795,642
Long-Term Revolving Credit Agreement	100,000	101,500	(100,000)	101,500	0	101,500	0	101,500
Totals	$ 7,795,552	$ 104,624	$ (385,662)	$ 7,514,514	$ 48,546	$ 7,465,968	$ 431,174	$ 7,897,142

Summary of Long-Term Principal and Interest

Maturities and projected interest payments of long-term debt are as follows:

Year Ending December 31,	Revenue Obligations	Long-Term Revolving Credit Agreement	Total Principal	TOTAL INTEREST [1]	TOTAL
			(Thousands)		
2019	$ 45,905	$ 0	$ 45,905	$ 341,922	$ 387,827
2020	112,650	16,266	128,916	337,870	466,786
2021	178,106	0	178,106	331,957	510,063
2022	129,802	1,335	131,137	323,422	454,559
2023	463,870	1,335	465,205	318,657	783,862
2024-2028	687,305	6,330	693,635	1,463,829	2,157,464
2029-2033	777,288	0	777,288	1,306,270	2,083,558
2034-2038	937,746	0	937,746	1,095,382	2,033,128
2039-2043	856,215	0	856,215	880,085	1,736,300
2044-2048	1,264,237	0	1,264,237	611,354	1,875,591
2049-2053	1,199,040	0	1,199,040	276,580	1,475,620
2054-2056	354,700	0	354,700	28,134	382,834
Total	$ 7,006,864	$ 25,266	$ 7,032,130	$ 7,315,462	$ 14,347,592

[1] Does not reflect impact of subsidy interest payments on 2010 Taxable C (Build America Bonds). Years 2019-2028 include projected interest for Long-Term Revolving Credit Agreement.

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Summary of Refunded and Defeased Debt and Unamortized Losses

Refunded and defeased debt, original loss on refunding and the unamortized loss at December 31, 2018 are as follows:

Refunding Description	Refunded/Defeased Debt		Outstanding	Original Loss	Unamortized Loss
	(Thousands)			(Thousands)	
Cash Defeasance	$ 20,000	1982 Series A	$ 0	$ 2,763	$ 258
2009 Refunding Series A	$ 99,515	1997 Refunding Series A			
	20,125	1998 Refunding Series B	0	8,707	243
2010 Refunding Series B	$ 30,430	2001 Series A			
	118,600	2002 Series B			
	84,780	2002 Refunding Series D	0	22,954	3,353
2011 Refunding Series B	$ 8,990	2002 Refunding Series D			
	291,825	2004 Series A	0	23,287	1,073
2011 Refunding Series C	$ 134,715	2002 Series B			
	5,160	2007 Series A	0	4,362	3,036
2012 Refunding Series A	$ 73,535	2003 Refunding Series A			
	34,160	2004 Series A	0	12,206	4,038
Feb 2012 Defeasance	$ 5,615	2003 Refunding Series A	0	749	489
2013 Refunding Series B	$ 209,426	2003 Refunding Series A			
	7,070	2004 Series A			
	5,000	2006 Series A			
	6,565	2007 Series A			
	82,605	2008 Series B			
	1,125	2009 Series B			
	30,158	2011 Series A (LIBOR Index)			
	2,040	2012 Series D	0	14,446	11,585
2013 Refunding Series C	$ 35,584	2003 Refunding Series A			
	97,695	2008 Series B	0	4,601	3,452
2014 Refunding Series C &	$ 10,870	2003 Refunding Series A			
Taxable Refunding Series D	11,395	2005 Refunding Series A			
	419,105	2006 Series A			
	10,385	2006 Refunding Series C			
	175,775	2007 Series A			
	4,230	2007 Refunding Series B			
	15,000	2008 Series A			
	15,200	2009 Series B			
	12,920	2010 Refunding Series B			
	3,100	2011 Refunding Series B			
	5,625	2012 Refunding Series A			
	2,000	2012 Refunding Series B			
	15,185	2012 Refunding Series C			
	11,335	2012 Series D			
	18,185	2013 Taxable Series D (LIBOR Index)			
	44,075	Expansion Bond Refunding CP	11,885	32,936	26,219

Summary of Refunded and Defeased Debt and Unamortized Losses (continued)

Refunding Description	Refunded/Defeased Debt		Outstanding	Original Loss	Unamortized Loss
	(Thousands)			(Thousands)	
2015 Refunding Series A	$ 13,370	2006 Series A			
	32,750	2007 Series A			
	93,035	2008 Series A			
	30,765	2009 Series B	$ 123,800	$ 21,487	$ 12,636
2015 Refunding Series B	$ 78,150	2005 Refunding Series C	0	4,987	2,846
2015 Refunding Series C	$ 87,560	2005 Refunding Series A			
	217,065	2005 Refunding Series B	0	24,366	6,504
2015 Series E	$ 100,000	Barclays Revolving Credit Agreement	0	89	82
2016 Refunding Series A	$ 75,885	2007 Series A			
	278,950	2008 Series A			
	20,905	2009 Refunding Series A			
	112,210	2009 Series B			
	75,000	2014 Series A (Step Coupon Bond)	487,065	56,068	47,719
2016 Refunding Series B	$ 97,715	2009 Series E	97,715	12,873	11,404
Total			$ 720,465	$ 246,881	$ 134,937

Summary of In-Substance Defeasance of Debt Using Only Existing Resources

Defeased debt, cash placed in escrow, and defeased debt outstanding at December 31, 2018 are as follows:

Description of Transaction	Defeased Debt		Cash Place in Escrow	Defeased Debt Outstanding
			(Thousands)	
09/2018 Cash Defeasance	$ 48,475	2009 Refunding Series A		
	37,305	2010 Refunding Series B		
	81,510	2011 Refunding Series B		
	8,015	2012 Refunding Series A		
	7,510	2012 Refunding Series C		
	6,325	2012 Series D		
	100,000	2013 Series A		
	7,920	2014 Refunding Series C		
	5,485	2015 Series A		
	43,690	2015 Refunding Series C	$ 371,403	$ 346,235
12/2018 Cash Defeasance	$ 11,430	2011 Refunding Series B	11,707	11,430
Total			$ 383,110	$ 357,665

Analysis of Prior Year Current Portion of Long-term Debt

As a part of its long-term capital structure plan, the Authority will be involved in a multi-year refinancing plan. As a result, each year certain maturities classified as current portion of long-term debt may be refinanced in the subsequent year prior to the maturity date.

Below is an analysis of the 2017 current portion of long-term debt showing the amounts paid as debt service in 2018. The remaining amount represents five percent of the original principal for all outstanding minibond issues.

Analysis of December 31, 2017 Current Portion of Long-term Debt:	(Thousands)
Principal debt service paid from 2018 Revenues	$ 29,263
Minibond CAB accretion debt service paid from 2018 Revenues	1,738
Other:	
5% current portion requirement for original minibond issue amount [1]	17,545
Total	$ 48,546

[1] Represents five percent annual cap on the requirement related to put features on all outstanding minibond issues. This is an accounting entry only and does not impact debt service.

An analysis of the $134,055 current portion of long-term debt at December 31, 2016 showed that $116,510 was debt service paid from revenues. The remaining $17,545 represented five percent of the original principal for outstanding minibond issues.

Reconciliations of Interest Charges

Years Ended December 31,	**2018**	2017
	(Thousands)	
Reconciliation of interest cost to interest expense:		
Total interest cost	**$ 360,822**	$ 376,108
Capitalized interest	**0**	(67,911)
Deferred interest expense [1]	**0**	(37,076)
Interest charged to fuel expense	**(4,563)**	(3,274)
Total interest expense on long-term debt	**$ 356,259**	$ 267,847
Reconciliation of interest cost to interest payments:		
Total interest cost	**$ 360,822**	$ 376,108
Accrued interest-current year	**(46,383)**	(50,383)
Accrued interest-prior year	**50,383**	54,418
Interest released by refundings	**(4,470)**	(1,906)
Accretion on capital appreciation minibonds	**(2,651)**	(3,124)
Total interest payments on long-term debt	**$ 357,701**	$ 375,113

[1] On December 31, 2017, deferred interest was transferred to a regulatory asset per Board approval during the December Board meeting.

Debt Service Coverage

Years Ended December 31,		**2018**		2017
		(Thousands)		
Operating revenues	**$**	**1,806,620**	$	1,756,983
Interest and investment revenue		**11,103**		12,403
Total revenues and income		**1,817,723**		1,769,386
Operating expenses		**(1,400,061)**		(1,357,171)
Depreciation		**186,950**		181,094
Total expenses		**(1,213,111)**		(1,176,077)
Funds available for debt service prior to distribution to the State		**604,612**		593,309
Distribution to the State		**(17,397)**		(17,751)
Funds available for debt service after distribution to the State	**$**	**587,215**	$	575,558
Debt Service on Accrual Basis:				
Principal on long-term debt	**$**	**30,955**	$	124,857
Interest on long-term debt		**360,264**		267,847
Long-term debt service paid from Revenues		**391,219**		392,704
Commercial paper and other principal and interest		**21,428**		17,014
Total debt service paid from Revenues	**$**	**412,647**	$	409,718
Debt Service Coverage Ratio:				
Excluding commercial paper and other:				
Prior to distribution to the State		**1.54**		1.51
After distribution to the State		**1.50**		1.46
Including commercial paper and other:				
Prior to distribution to the State		**1.46**		1.44
After distribution to the State		**1.42**		1.40

Fair Value of Debt Outstanding

The fair value of the Authority's debt is estimated based on quoted market prices for the same or similar issues or on the current rates offered to the Authority for debt with the same remaining maturities. Based on the borrowing rates currently available to the Authority for debt with similar terms and average maturities, the fair value of debt was $7.4 billion and $8.4 billion at December 31, 2018 and 2017, respectively.

Bond Market Transactions

There were no bond issuances for the year ended December 31, 2018.

Debt Covenant Compliance

As of December 31, 2018 and 2017, management believes the Authority was in compliance with all debt covenants. The Authority's bond indentures provide for certain restrictions, the most significant of which are:

(1) the Authority covenants to establish rates sufficient to pay all debt service, required lease payments, capital improvement fund requirements and all costs of operation and maintenance of the Authority's Electric and Water Systems and all necessary repairs, replacements and renewals thereof; and
(2) the Authority is restricted from issuing additional parity bonds unless certain conditions are met.

All Authority debt (Electric and Water Systems) issued pursuant to the Revenue Obligation Resolution is payable solely from and secured by a lien upon and pledge of the applicable Electric and Water Revenues of the Authority. Revenue Obligations are senior to:

(1) payment of expenses for operating and maintaining the Systems;
(2) payments for debt service on commercial paper; and
(3) payments made into the Capital Improvement Fund.

Bond Outstanding Summary

As of December 31,	**2018**	2017
Outstanding Revenue Obligations	**$ 7.0 Billion**	$ 7.4 Billion
Estimated remaining interest payments	**$ 7.3 Billion**	$ 7.9 Billion
Issuance years (inclusive)	**2004 through 2016**	2004 through 2016
Maturity years (inclusive)	**2019 through 2056**	2018 through 2056

Note: Proceeds from these bonds were/will be used to fund a portion of the Authority's ongoing capital program or retire or refund certain outstanding debt of the Authority.

Note 6 – Variable Rate Debt

The Board has authorized the issuance of variable rate debt not to exceed 20 percent of the aggregate Authority debt outstanding (including commercial paper) as of the last day of the most recent fiscal year for which audited financial statements of the Authority are available. At December 31, 2018, four percent of the Authority's aggregate debt outstanding was variable rate. The lien and pledge of Revenues securing variable rate debt issued as Revenue Obligations is senior to that securing commercial paper.

Commercial paper is issued for valid corporate purposes with a term not to exceed 270 days. The information related to commercial paper was as follows:

Years Ended December 31,	**2018**	2017
Commercial paper outstanding (000's)	**$ 173,898**	$ 144,484
Effective interest rate (at December 31)	**2.48%**	1.48%
Average annual amount outstanding (000's)	**$ 165,853**	$ 269,521
Average maturity	**38 Days**	35 Days
Average annual effective interest rate	**2.01%**	1.09%

As of December 31, 2018, the Authority had secured Irrevocable Direct Pay Letters of Credit and Reimbursement Agreements with Bank of America, N.A. and Wells Fargo Bank, N.A. totaling $278.1 million. These agreements are used to support the Authority's issuance of up to $250.0 million of commercial paper. As of December 31, 2017, the Authority had secured Irrevocable Direct Pay Letters of Credit and Reimbursement Agreements with Bank of America, N.A., U.S. Bank, N.A., and Wells Fargo Bank, N.A. totaling $389.4 million. These agreements are used to support the Authority's issuance of up to $350.0 million of commercial paper. There were no borrowings under the agreements during 2018 or 2017.

As of December 31, 2018, the Authority had a Revolving Credit Agreement with Barclays Bank PLC for $200.0 million. This agreement is used to obtain funds if needed. The agreement was entered into on September 22, 2015, was amended on June 9, 2017, and expires November 26, 2020. In March 2017, the Authority secured a $50.0 million loan under the Direct Purchase Revolving Credit Agreement to pay off $50.0 million of Commercial Paper Notes. In April 2017, the Authority secured a $50.0 million loan under the Direct Purchase Revolving Credit Agreement to pay off $50.0 million of Commercial Paper Notes. The Authority paid off $70.0 million of these Direct Purchase Revolving Credit Agreement loans in 2017. In March 2018, the Authority secured a $42.0 million loan under the Direct Purchase Revolving Credit Agreement for capital expenditures. The Authority paid off $142.0 million of these Direct Purchase Revolving Credit Agreement loans in 2018. A total of $30.0 million of loans under this Agreement remain outstanding at December 31, 2018.

As of December 31, 2018, the Authority had a Revolving Credit Agreement with TD Bank, N.A. for $200.0 million. This agreement is used to obtain funds if needed. The agreement was entered into on July 27, 2017, and expires June 30, 2021. In August 2017, the Authority secured a $125.0 million loan under the Direct Purchase Revolving Credit Agreement to pay off $125.0 million of Commercial Paper Notes. In December 2017, the Authority secured an $89.0 million loan under the Direct Purchase Revolving Credit Agreement to defease certain outstanding Revenue Obligation Bonds. The Authority paid off $26.0 million of these Direct Purchase Revolving Credit Agreement loans in 2017. In March 2018, the Authority secured a $12.0 million loan under the Direct Purchase Revolving Credit Agreement for capital expenditures. The Authority paid off $121.0 million of these Direct Purchase Revolving Credit Agreement loans in 2018. A total of $79.0 million of loans under this Agreement remain outstanding at December 31, 2018.

As of December 31, 2018, the Authority had a Revolving Credit Agreement with J.P. Morgan Chase Bank, N.A. for $250.0 million. This agreement is used to obtain funds if needed. The agreement was entered into on August 1, 2017, and expires August 7, 2020. In August 2017, the Authority secured a $2.5 million loan under the Direct Purchase Revolving Credit Agreement to pay off $2.5 million of Commercial Paper Notes. A total of $2.5 million of loans under this Agreement remain outstanding at December 31, 2018.

As of December 31, 2018, the Authority had a Revolving Credit Agreement with Wells Fargo Bank, N.A. for $200.0 million. This agreement is used to obtain funds if needed. The agreement was entered into on August 1, 2017, and expires August 9, 2019. There were no borrowings under this agreement in 2018 or 2017.

Note 7 – Summer Nuclear Station

Summer Nuclear Unit 1

The Authority and SCE&G (which became Dominion Energy as of January 01, 2019; See Footnote 15 - Subsequent Events) are parties to a joint ownership agreement providing that the Authority and SCE&G shall own Unit 1 at the Summer Nuclear Station ('Summer Nuclear Unit 1" with undivided interests of 33 1/3 percent and 66 2/3 percent, respectively. SCE&G is solely responsible for the design, construction, budgeting, management, operation, maintenance and decommissioning of Summer Nuclear Unit 1 and the Authority is obligated to pay its ownership share of all costs relating thereto. The Authority receives 33 1/3 percent of the net electricity generated. In 2004, the NRC granted a twenty-year extension to the operating license for Summer Nuclear Unit 1, extending it to August 6, 2042.

Authority's Share of Summer Nuclear - Unit 1

Years Ended December 31,	**2018**	2017
	(Millions)	
Plant balances before depreciation	**$ 579.6**	$ 556.4
Accumulated depreciation	**347.6**	349.3
Operation & maintenance expense	**87.7**	86.1

Nuclear fuel costs are being amortized based on energy expended using the unit-of-production method. This amortization is included in fuel expense and recovered through the Authority's rates.

SCE&G contracted with HOLTEC International, The Shaw Group, Inc. and Westinghouse to build a licensed Independent Spent Fuel Storage Installation ("ISFSI"), which was completed and commenced receiving fuel in 2016. Because of Department of Energy's ("DOE") failure to meet its obligation to dispose of spent fuel, SCE&G and the Authority are being reimbursed by DOE for ISFSI project costs. The Authority expects this reimbursement will equal approximately 75 percent of total project cost, which amounts to $44.1 million (Authority's 1/3 share). Through December 31, 2018, reimbursements received equal $33.1million (Authority's 1/3 share), which equals approximately 73 percent of total project expenditures.

The NRC requires a licensee of a nuclear reactor to provide minimum financial assurance of its ability to decommission its nuclear facilities. In compliance with the applicable regulations, the Authority established an external trust fund and began making deposits into this fund in September 1990. In addition to providing for the minimum requirements imposed by the NRC, the Authority makes deposits into an internal fund in the amount necessary to fund the difference between a site-specific decommissioning study completed in 2016 and the NRC's imposed minimum requirement. Based on these estimates and assuming a SAFSTOR (delayed) decommissioning, the Authority's one-third share of the estimated decommissioning costs of Summer Nuclear Unit 1 equals approximately $415.1 million in 2016 dollars. As deposits are made, the Authority debits FERC account 532 – Maintenance of Nuclear Plant, an amount equal to the deposits made to the internal and external trust funds. These costs are recovered through the Authority's rates. During 2018 $12.0 million was transferred out of the internal fund because that fund's balances exceeded necessary funding and this withdraw was credited to FERC account 532 as well.

Based on current decommissioning cost estimates, these funds, which total approximately $209.1 million (adjusted to market) at December 31, 2018, along with investment earnings and credits from future DOE reimbursements for spent fuel storage, are estimated to provide enough funds for the Authority's one-third share of the total decommissioning cost for Summer Nuclear Unit 1.

Summer Nuclear Units 2 and 3

Engineering, Procurement and Construction Agreement and Project History. On May 23, 2008, SCE&G, acting for itself and as agent for the Authority (together, the "Owners"), entered into an Engineering, Procurement, and Construction Agreement (the "EPC Agreement"), with a consortium consisting of Westinghouse and Stone & Webster, Inc. (the "Consortium"). Pursuant to the EPC Agreement, the Consortium would supply, construct, test, and startup two 1,117 MW nuclear generating units utilizing Westinghouse's AP 1000 standard plant design. The EPC Agreement included substantial completion dates of April 2016 and January 2019 for Summer Nuclear Units 2 and 3 (the "Project" or "Summer Nuclear Units 2 and 3"), respectively.

On October 20, 2011, the Owners entered into a Design and Construction Agreement specifying an Authority ownership interest of 45% in each of Summer Nuclear Unit 2 and Summer Nuclear Unit 3. Among other things, the Design and Construction Agreement allowed either or both parties to withdraw from the project under certain circumstances. The Authority and SCE&G also entered into an Operating and Decommissioning Agreement on October 20, 2011 with respect to the two units. Both the Design and Construction Agreement and the Operating and Decommissioning Agreement defined the conditions under which the Authority or SCE&G could convey an undivided ownership interest in the units to a third party.

On December 30, 2011 the Nuclear Regulatory Commission ("NRC") approved the AP 1000 standard plant design (DCD Revision 19) for Summer Nuclear Units 2 and 3. On March 30, 2012, the NRC issued the Combined Construction and Operating Licenses (the "COLs") with certain conditions for Summer Nuclear Units 2 and 3.

On October 27, 2015, the Owners executed a Limited Agency Agreement that appointed SCE&G to act as the Authority's agent in connection with an amendment to the EPC Agreement. The amended EPC Agreement, which became effective on December 31, 2015, included, among other things, an irrevocable option (the "Fixed Price Option") which SCE&G executed on behalf of the Owners on July 1, 2016, to further amend the EPC Agreement to fix the total amount to be paid to the Consortium for its entire scope of work on the Project (excluding a limited amount of work within the time and materials component of the contract price) after June 30, 2015 at $6.082 billion (Authority's 45% portion being $2.737 billion), subject to adjustment for amounts paid since June 30, 2015. The amended EPC Agreement also provided for Toshiba Corporation, Westinghouse's parent company, to reaffirm its guaranty of Westinghouse's payment obligations (the "Guaranty") and revised the substantial completion dates of Units 2 and 3 to August 31, 2019 and August 31, 2020, respectively.

Toshiba Financial Difficulties/Westinghouse Bankruptcy. In late 2015, following disclosures regarding its operating and financial performance and near-term liquidity, Toshiba Corporation's ("Toshiba") credit ratings declined to below investment grade. Pursuant to the terms of the EPC Agreement, the Owners obtained payment and performance bonds from Westinghouse in the form of standby letters of credit totaling $45.0 million (the Authority's 45% share is $20.3 million).

On December 27, 2016, Toshiba announced financial difficulties related to the goodwill associated with the Westinghouse acquisition of Stone & Webster. Following several announcements and related media reports, on February 14, 2017, Toshiba, the parent company of Westinghouse and the guarantor of its financial and performance obligations with respect to the EPC Agreement, announced that it preliminarily recorded a multi-billion dollar impairment loss associated with the construction of Summer Nuclear Units 2 and 3 and the two additional AP1000 units being constructed by Westinghouse for another company in the United States (Plant Vogtle). The impaired goodwill resulted from Westinghouse's analysis that the cost to complete the four Westinghouse AP1000 new nuclear plants in the United States would far surpass the original estimates for construction. Toshiba attributed the cost overruns to, among other things, higher labor costs arising from lower than anticipated work efficiency and the inability to improve such work efficiency over time. On April 11, 2017 Toshiba released their unaudited quarterly securities report for the period covering April 1, 2016 to December 31, 2016 showing a loss of 532 billion Yen (US $4.800 billion).

On March 29, 2017, Westinghouse and 29 affiliated companies filed a Petition pursuant to Chapter 11 of the Bankruptcy Code, in the United States Bankruptcy Court for the Southern District of New York. This Petition allowed for a transition and evaluation period during which the Owners would assess information provided by Westinghouse and determine the most prudent path forward for the project. After the filing of the bankruptcy proceeding, the Owners entered into negotiations with Toshiba Corporation for the purpose of acknowledging and defining Toshiba's obligation under Toshiba's May 23, 2008 Guaranty and establishing a schedule for the full payment of that obligation to the Owners.

Toshiba Settlement Agreement (the "Settlement Agreement" or "Toshiba Settlement Agreement"). On July 27, 2017 the Owners and Toshiba entered into a Settlement Agreement that provided, among other things: A) Toshiba's agreement that it would pay the Guaranty obligation in the amount of $2.168 billion (Authority's 45% share was $975.6 million) , in accordance with a schedule set forth in the Settlement Agreement; B) Toshiba's agreement that payment of the Guaranty obligation and related payment schedule would not be dependent on whether one or both of the two units are completed; C) Toshiba's agreement that the Owners' were not releasing any claims or rights against Westinghouse; D) Toshiba's agreement not to subordinate the Guaranty obligations except to working capital lenders and other relationships necessary to continue and enhance its financial condition; E) Toshiba, Westinghouse, and the owners of the Vogtle and Summer Nuclear AP1000 Project's agreement to become parties to a consent order in the Bankruptcy Court that approves assignment by Toshiba to the Summer Nuclear and Vogtle owners of all rights to the non-U.S. assets in the Westinghouse family of companies owned by Toshiba, any of Toshiba's rights against Westinghouse relating to loans, and similar receivables; F) agreement by the parties to the Settlement Agreement to work towards an expeditious sale of Westinghouse; G) the Owners' agreement that the distribution proceeds received from the Westinghouse bankruptcy would be a credit against the Guaranty; and H) the Owners' agreement not to exercise remedies of the Guaranty, absent a default, until September 2022.

On September 1, 2017, the Owners filed two proofs of claim in unliquidated amounts in the Westinghouse Bankruptcy Proceeding.

On September 27, 2017, the Owners entered into an Assignment and Purchase Agreement under which they sold and assigned rights to receive payment under the Settlement Agreement and rights, duties and obligations arising under two proofs of claim filed in the Westinghouse Bankruptcy Proceeding to Citibank, N.A., in exchange for a purchase price in the amount of $1,847,075,400. The Authority's share of the purchase price was $831,183,930. Excluded from the sale was the first $150.0 million (Authority's 45% share was $67.5 million) payment under the Toshiba Settlement Agreement, which was received by the Owners.

On January 2, 2018, the Owners entered into Amendment No. 1 of the Settlement Agreement and Amendment No. 1 of the Assignment and Purchase Agreement, which amendments had the effect of capping at $60.0 million the Owners' current obligation to reimburse

Citibank, N.A. for payments from the Westinghouse Estate that had the effect of reducing mechanics liens at the site (Authority's 45% share is $27.0 million).

Developments in the Westinghouse Bankruptcy Proceeding. On March 28, 2018, the United States Bankruptcy Court for the Southern District of New York issued its order confirming Westinghouse Electric Company's Modified Second Amended Joint Chapter 11 Plan of Reorganization. The plan provides for, among other things, the sale of Westinghouse to Brookfield Business Partners, L.P. for $4.6 billion, a sale that closed on August 1, 2018.

The plan also provides for payment to allowed general unsecured creditors in an amount equal to the lesser of (i) its pro rata share of certain funds; or (ii) 100% of the amount of the allowed claim. Claims by those providing materials and services at the site have been classified under the plan as general unsecured creditors. Payments from the Westinghouse Estate that have the effect of reducing mechanics liens at the site have the potential to increase amounts that must be paid by the Authority to reimburse CITIBANK.

On December 15, 2018, an initial distribution was made to general unsecured creditors equaling about 25% of the allowed amount of each claim. The total amount of the allowed general unsecured claim pool is not currently known, but the size of that pool plays a significant factor in determining the amount each allowed general unsecured creditor will be paid. It is currently anticipated that allowed general unsecured creditors will receive full or substantially full payment; however, that cannot yet be confirmed as payment of allowed general unsecured claims will not be completed until the later part of 2019.

Cost to Complete and Construction Suspension. Beginning in late March 2017, the Owners formed an independent team led by the SCE&G construction manager to undertake a rigorous Estimate-to-Complete ("ETC") validation process, including the costing/scheduling expertise of High Bridge Associates and the expertise of AECOM Energy & Construction Inc. in the area of salvage, site restoration and preservation. The process began with gathering and validating information and data received from Westinghouse and Fluor, and creating a new schedule model using Owner, Fluor and Westinghouse schedules. On a parallel track and during the same time frame, the Authority retained nFront Consulting LLC to undertake an assessment of the projected cost of power from Summer Nuclear Units 2 and 3 if completed, compared to other alternatives in meeting future energy needs of the Authority.

Based upon the ETC validation process, management of the Authority found the results of the ETC validation process adequate to determine the viability of the Project; those results estimating the schedule to complete Unit 2 would be delayed at least 40 months beyond the August 2019 contract completion date, and the estimated schedule to complete Unit 3 would be delayed at least 43 months beyond the August 2020 contract completion date. Based on both studies, the estimated cost to the Authority to complete both units, including construction period interest, increased from $8.100 billion to $11.400 billion, and the cumulative average system cost of power would be substantially higher if one or both units were completed as compared to suspending construction.

On July 31, 2017, the Board of Directors of the Authority, by Resolution authorized the President and CEO, among other things, to immediately begin taking those actions necessary to wind-down and suspend construction on the two 1,100 MW nuclear units at the Summer Nuclear site in Fairfield County, and protect and preserve both the site and related plant components and equipment. That resolution contemplated the establishment of a Project construction cessation plan and process of seeking additional support for the Project to remain in place for up to a period of one year from the date of the Resolution. There are currently no legal or regulatory requirements for the site to be maintained or restored to its original condition. As such, no removal or restoration costs have been accrued.

Upon suspending the Project, and in accordance with GASB 62, the Authority ceased capitalizing interest expense on the debt incurred to fund the Project as of July 31, 2017.

As of December 31, 2017 the Owners identified assets that could be utilized at Summer Nuclear Unit 1, consisting of various buildings and structures totaling $44.8 million (Authority's 45% share). These assets were transferred to Summer Nuclear Unit 1, and as a result in the difference of ownership percentage, the assets were recorded on Unit 1 at $32.8 million (Authority's 33.33% share) and a receivable in the amount of $12.0 million was recorded on the Authority's books. In April 2018, the Authority received payment of $11.4 million to complete the transaction for the assets transferred to Summer Nuclear Unit 1. As of December 31, 2018, the Owners agreed to a reduction in the Authority's ownership of the switchyard at the Summer Nuclear site from 32.19% to 27.08%. As a result, a receivable in the amount of $2.7 million was recorded on the Authority's books. In addition, the Authority constructed transmission assets concurrently with the Project. These assets, which include switchyard costs, total $212.8 million at December 31, 2018, and will be utilized to enhance the Authority's transmission system.

Impairment of Project Assets. With suspension of the Project construction, the Authority sought additional project partners and financial support. South Carolina's Governor indicated that he contacted a number of companies inquiring about their interest in purchasing or partnering in the Project. As of December 31, 2017 the Authority had not received or been informed of any proposal to purchase the Project or partner in the Project. As such an evaluation was conducted to determine whether the assets were impaired. In accordance with GASB 42, the assets are impaired based on A) the decline in service utility of the capital asset is large in magnitude and B) the event or change in circumstance is outside the normal life cycle of the capital asset. While the Project could be completed at some point in the future, the Authority had no near-term plans to complete the Project. Except for the assets described above that will be utilized at Summer Nuclear Unit 1 or used to enhance the Authority's transmission system, the remaining Project assets, including the nuclear fuel, were determined to be impaired.

In addition to the lack of proposals by a third party to purchase or partner in the Project, the Authority also considered several other items in order to determine the fair value of the impaired assets.

The AP1000 is a new technology. There are no completed AP1000s in the United States and only two other units under construction in the United States. There was not an active liquid market for the purchase of these partially completed units.

SCE&G obtained several estimates of the salvage value of the remaining Project assets. The highest estimate was for approximately $150.0 million (Authority's share of this would be 45%). Westinghouse cited contractual provisions that it believes indicate that the Owners may not have unencumbered title to the proceeds of the sale of the assets. Should the sale of the assets move forward, a final determination regarding ownership of the sale proceeds might be delayed.

On December 27, 2017 SCE&G, based on the decision to abandon the Project, submitted a letter request to the NRC for approval to withdraw the COLs for Summer Nuclear Units 2 and 3. On January 8, 2018, the Authority submitted a letter in response to this request in which the Authority requested, among other things, that the NRC not take action for 180 days or until such time that the Authority could evaluate any risks it could incur by taking on the nuclear licenses.

Based on these considerations the Authority determined a fair value of zero as of December 31, 2018 for the non-fuel impaired Project assets.

With the suspension of construction of Summer Nuclear Units 2 and 3 the nuclear fuel material for the first core load of the units will no longer be needed or used in Units 2 and 3. Due to the nature of the Unit 2 and 3 fuel, it cannot be used as is at Summer Nuclear Unit 1. SCE&G performed an analysis to determine how this fuel might be disposed and the fair value of the fuel. The analysis considered both selling the fuel into the market and exchanging the fuel for material that can be used in Unit 1. SCE&G used estimated market prices as of December 31, 2017 obtained from nuclear fuel suppliers when estimating the value of the fuel. Using SCE&G's analysis the Authority had determined that the fair value of this fuel was 33.52% of the book value of the fuel, or $34.6 million (Authority's share), as of December 31, 2017. The remaining $68.5 million was written off as impaired.

Based on the results in determining the fair value, the write-off of Summer Nuclear Units 2 and 3 construction costs and nuclear fuel for the year ended December 31, 2017 totaled $4.211 billion.

During 2018 additional invoices related to Units 2 and 3 were received and other correcting entries were made to the Unit 2 and 3 costs. These amounts were part of the impaired assets and were charged to the Nuclear Regulatory Asset (See Footnote 1 – K - Other Regulatory Items). Market prices for Unit 2 and 3 fuel were estimated as of December 31, 2018 and based on these prices, no additional adjustments to the book value of the fuel were made.

2018 Developments Status of COLs. On January 28, 2019 the Authority Board approved a resolution authorizing the Interim President and CEO to consent to SCE&G's request to terminate the Summer Nuclear Units 2 and 3 COLs. That consent was conveyed to the Nuclear Regulatory Commission in a letter dated January 29, 2019. (See Footnote 15 - Subsequent Events.)

Reactor Coolant Pump Transfer to China. In February 2018, SCE&G and the Authority sold one reactor coolant pump planned for use in Summer Nuclear Unit 2 to Westinghouse for use in the China Project, Haiyang Unit 2. The Authority's 45% share of the proceeds was approximately $6.5 million and the resulting gain was recorded as a regulatory liability (See Footnote 1- K Other Regulatory Items.).

Sales Tax Audit and Proposed Assessment. On January 26, 2018 the SC DOR notified SCE&G that the sales and use tax returns for the Summer Nuclear 2&3 project have been assigned for a sales and use tax audit. During a meeting on February 8th, the DOR clarified its position that, because the VC Summer 2&3 project had been abandoned and the manufacturing facility was not completed and would not produce electricity, the materials for the Project were not tax-exempt and sales taxes were due on previously tax exempt purchases. On May 31, 2018, the SC DOR notified SCE&G that, since all of the information requested of SCE&G was not provided; a Proposed Notice of Assessment was generated. The full assessment, which was based on information obtained by the department, was for $421 million. On October 1, 2018 Santee Cooper's outside counsel submitted on Santee Cooper's behalf a Protest to Notice of Proposed Assessment Department File No. 020800475. As of December 31, 2018, Santee Cooper continues to dispute the position that sales taxes are due and owing.

Right of Entry; Maintenance, Preservation and Documentation Plan; and Warehoused Equipment Moved. On June 25, 2018, SCE&G and the Authority signed a Right of Entry Agreement allowing the Authority to begin implementation of a Maintenance, Preservation, and Documentation Plan (MPD) to preserve the equipment for the Project. The Authority contracted with Fluor Inc. to perform this scope of work to assess the equipment condition and to maintain the high value equipment. Fluor Inc. began this scope of work at the Project on July 2, 2018. Additionally, all assets stored in two large offsite warehouses were relocated to the Project site in 2018.

Switchyard True-Up. Included in the Summer Nuclear Units 2 and 3 transmission related assets that were not impaired were certain switchyard assets. During 2018 the parties determined that the ownership interest in these assets needed to be adjusted and began negotiating an agreement to adjust the percentages and true-up the charges. As of December 31, 2018 that adjustment was reasonably estimated and a receivable from SCE&G to the Authority in the amount of $2.7 million was recorded. The Authority expects to complete this effort in the second quarter of 2019.

Forbearance Agreement and Next Steps. On December 13, 2018, SCE&G and the Authority executed an agreement styled a "Forbearance Agreement" whereby SCE&G reaffirmed its irrevocable waiver of any and all rights in the Forbearance Assets, defined generally as Summer Nuclear Units 2 and 3; ancillary facilities; intellectual property; equipment and materials on-site and off-site including, without limitation assets, materials and equipment that are affixed to the real property at the site but are capable of being removed. Excluded from the definition of Forbearance Assets is the underlying real property; certain specifically identified assets excluded from the abandonment prior to December 31, 2017; substation and switchyard assets; the old NND Building and nuclear fuel. The Forbearance Agreement requires SCE&G seek, within 30 days of the execution of the agreement, approval of the Public Service Commission of South Carolina of the agreement and, during the same 30 day period, take reasonable efforts to obtain the release of any security interest or mortgage attached to the Forbearance Asset.

The execution of the Forbearance Agreement and its successful approval and implementation will set the foundation for possible domestic and international sales of equipment, commodities and plant components covered by the agreement.

Regulatory Accounting Treatment

Nuclear Asset Impairment. On January 22, 2018, the Board approved the use of regulatory accounting for the $4.211 billion impairment write down. The majority of the Project was financed with borrowed funds. For rate-making purposes, the Authority includes the debt service on these borrowed funds in its rates. As such, the impairment will be recorded as a regulatory asset and amortized through November 2056 to align with the associated debt principal payments. In the event the principal maturities change materially the amortization will be adjusted to better align with the new maturities. In 2018, there was a decrease of $8.3 million charged to the nuclear impairment regulatory asset for adjustments after year end 2017, as well as amortization of $4.9 million.

Post Project Suspension Interest Expense. On December 11, 2017 the Board issued a resolution authorizing the use of regulatory accounting to defer a portion of the post suspension Project interest. With the cessation of capitalized interest and the timing of the suspension the Authority would be unable to collect a portion of the post suspension Project interest in rates. The regulatory asset for post suspension nuclear interest totaled $37.1 million and will be amortized through November 2056 to align with the principal payments on the debt used to pay the interest.

Toshiba Settlement Agreement. The Board of Directors also approved a resolution dated December 11, 2017, authorizing using regulatory accounting to defer recognition of income from the Settlement Agreement. The Authority recorded a regulatory deferred inflow of $898.2 million. The deferred inflow will be amortized to align with the manner in which debt service is reduced as a result of using the proceeds.

The following table summarizes nuclear related regulatory items:

Regulatory Item	Classification	Original Amount	2018 Amortization	2018 Changes	2018 Ending Balance
Nuclear impairment	Asset	$ 4.211 billion	($ 4.9 million)	($ 8.1 million)	$ 4.198 billion
Nuclear post-suspension interest	Asset	$ 37.1 million			$ 37.1 million
Toshiba Settlement Agreement	Deferred Inflow	$ 898.2 million	($ 176.6 million)	$ 10.7 million	$ 732.3 million

Note 8 – Leases

Capital Leases

The Authority (Lessor) has a capital lease (the "Office Site Ground Lease Agreement") with Volvo Car USA, LLC (Lessee) covering a ground lease for an improved office site and associated acreage. The lease term is 20 years with annual payments of $404,166.59 due each January 1st, starting January 1, 2018. The sum of the minimum lease payments total $8.1 million and include site work of $5.9 million, land of $0.5 million and interest of $1.7 million (based on the 20-year Treasury Bill on the effective rate of 2.58%). Volvo Car USA, LLC has options to purchase the office site as follows:

1. At any time until the expiration of the capital lease term, Volvo Car USA, LLC shall have a purchase option, the price of which shall be determined as: (i) the amount sufficient to repay in full the land purchase price of $0.5 million; plus (ii) the costs and expenses incurred by the Authority for the site preparation of $5.9 million; plus (iii) interest added at 2.58% per annum; accruing from the work completion date through and until the date of payment by Volvo Car USA, LLC to Santee Cooper of the option purchase price; less (iv) the amount of rent paid by Volvo Car USA, LLC to the Authority as of the date of payment by Volvo Car USA, LLC of the option purchase price.
2. At expiration of the capital lease and if Volvo Car USA, LLC has paid all rent in accordance with the capital lease, Volvo Car USA, LLC shall have a purchase option with an option purchase price of $1.

Total minimum lease payments to be received from Volvo Car USA, LLC as of December 31, 2018 are as follows:

Year Ending December 31,	Minimum Lease Payments (Thousands)
2019	$ 404
2020	404
2021	404
2022	404
2023	404
Thereafter	5,659
Total	$ 7,679

In the period covering the 1950s – 1970s, the Authority entered into several long term leases with Central for Transmission and other assets at the expiration of which, title to those assets would be transferred to the Authority. The final lease term ended in 2014. Work to transfer title of these assets is under way, but has not yet been completed as of December 31, 2018.

Operating Leases

Hydroelectric generating facility lease (Buzzard's Roost):

- Obligation is $600,000 per year plus operating expenses
- Lease will terminate on March 3, 2020.

Note 9 – Contracts with Electric Power Cooperatives

Central is a generation and transmission cooperative that provides wholesale electric service to each of the 20 distribution cooperatives which are members of Central. Power supply and transmission services are provided to Central in accordance with a power system coordination and integration agreement ("the Coordination Agreement"). Under the Coordination Agreement, the Authority is the predominant supplier of energy needs for Central, excluding amounts supplied by Duke to the Upstate Load which is defined below, energy Central receives from the Southeastern Power Administration ("SEPA") and negligible amounts generated and purchased from others.

Central, under the terms of the Coordination Agreement, has the right to audit costs billed to them. Any differences found as a result of this process are accrued if they are probable and estimable. To the extent that differences arise, prospective adjustments are made to the cost of service and are reflected in operating revenues in the accompanying Statements of Revenues, Expenses and Changes in Net Position. Such adjustments in 2018 and 2017 were not material to the Authority's overall operating revenue.

In September 2009, the Authority and Central entered into an agreement which, among other things, permitted Central to purchase the electric power and energy requirements necessary to serve five of its member cooperatives, (Blue Ridge Electric Cooperative, Inc., Broad River Electric Cooperative, Inc., Laurens Electric Cooperative, Inc., Little River Electric Cooperative, Inc. and York Electric Cooperative, Inc.) who are directly connected to the transmission system of Duke ("the Upstate Load"), from a supplier other than the Authority. The Upstate Load began transitioning to the new supplier, Duke, in 2013. The load transition was complete on January 1, 2019 and amounted to approximately 900 MW.

In 2013 the Central and Authority Boards approved an Amendment to the Coordination Agreement. As part of this Central agreed to extend their rights to terminate the agreement until December 31, 2058. The Coordination Agreement includes a 10-year rolling notice provision. For a termination date of December 31, 2058, a party must give notice of termination no later than December 31, 2048. The Coordination Agreement provides for closer cooperation on planning of future resources, gives Central the ability to "opt-out" of future generation resources, and provides for cost recovery of all resources completed or under construction as of the amendment effective date, including Summer Nuclear Units 2 and 3. Certain matters between the Authority and Central relating to the nuclear project are the subject of litigation, however, the parties continue to conduct business pursuant to the terms of the Coordination Agreement.[2]

Note 10 – Commitments and Contingencies

Budget - The Authority's 2019 three-year capital budget is as follows:

Years Ending December 31,	2019	2020	2021
		(Millions)	
Environmental Compliance [1]	$ 111.8	$ 44.9	$ 32.0
General Improvements and Other [2]	185.1	179.1	195.2
Total capital budget [3]	$ 296.9	$ 224.0	$ 227.2

Budget Assumptions:
[1] The CCR and ELG environmental regulations are undergoing agency review and are subject to court challenges. Given the significant uncertainty about the outcome and eventual requirements, we may not have budgeted sufficient funds depending on final regulations for all potential costs at this time.
[2] Other includes Camp Hall and renewables.
[3] Will be financed by internal funds or debt.

Purchase Commitments - The Authority has contracted for long-term coal purchases under contracts with estimated outstanding minimum obligations after December 31, 2018. The disclosure of minimum obligations (including market re-opener contracts) shown below is based on the Authority's contract rates and represents management's best estimate of future expenditures under current long-term arrangements. Additional arrangements are expected to meet the Authority's full demand.

Years Ending December 31,	With Re-openers (All Tons) [1]	Without Re-openers (Fixed Tons) [2]
	(Thousands)	
2019	$ 180,276	$ 180,276
2020	123,293	123,293
2021	126,910	108,160
2022	0	0
Total	$ 430,479	$ 411,729

[1] Includes tons which the Authority can elect not to receive.
[2] Includes tons which the Authority must receive.

The Authority has the following outstanding obligations under existing long-term capacity and purchased power contracts as of December 31, 2018:

[2] See Footnote 10 – Legal Matters for a description of a litigation under the subheading *"Jessica S. Cook et al. v. Santee Cooper, Santee Cooper's Board of Directors (certain former and current Directors named), SCE&G, Palmetto Elec. Coop., & Central Elec. Pwr. Coop"* for a description of Central's cross-claim against the Authority seeking, among other things, a declaratory judgment that Santee Cooper breached the Coordination Agreement.

Contracts with Minimum Fixed Payment Obligations[1]

Number of Contracts	Delivery Beginning	Remaining Term	Obligations (Millions)
1	1985	17 Years	$ 0

[1] Obligation reflects the Authority's position that the Rediversion contract does not require a capacity payment beyond the 30 year period which ended on March 23, 2015. (See Footnote 10 – Legal Matters Subsection)

Contracts with Power Receipt and Payment Obligations [1]

Number of Contracts	Delivery Beginning	Remaining Term	Obligations (Millions)
1	2010	7 Years	$ 137.8
2	2013	25 Years	518.0
1	2013	15 Years	6.6

[1] Payment required upon receipt of power. Assumes no change in indices or escalation.

The Authority purchases network integration transmission service through a transmission agreement with SCE&G. This network transmission service is used to serve wholesale customers who are not in the Authority's direct-served territory; the Authority is obligated for costs associated with these transmission agreements. The table below shows the transmission obligations in 2019 and the total transmission obligations for 2019-2029. Note that the transmission obligations associated with the Upstate Load will end in 2019 (concurrent with the end of the transition period). The Authority is no longer responsible for purchasing transmission service for the Upstate Load served by the new supplier. The remaining wholesale customer obligations below represent projected transmission amounts through the term of the current contracts.

Transmission Obligations

	2019	2020-2029
	(Thousands)	
Other Customers	$ 3,268	$ 35,510
Total	$ 3,268	$ 35,510

CSX Transportation, Inc. (CSX) provides substantially all rail transportation service for the Authority's Cross and Winyah coal-fired generating stations. The Authority also interchanges with some short line railroads via CSX for the movement of coal as well. The CSX contract, effective January 1, 2011, and extended per amendment effective January 1, 2018, continues to apply a price per ton of coal moved, along with a mileage based fuel surcharge and minimum tonnage obligation.

The Authority has commitments for nuclear fuel, nuclear fuel conversion, enrichment and fabrication contracts for Summer Nuclear Units 1, 2 and 3. As of December 31, 2018, these contracts total approximately $136.5 million over the next 16 years.

The contract obligations for the Rainey Generating Station Long-Term Parts and Long-Term Service Contract with General Electric International, Inc. ("GEII") were fulfilled in 2018. All covered units have reached the "performance end date" and there are no remaining financial commitments for this agreement.

The Authority successfully negotiated a Contractual Service Agreement with GEII, effective March 2016 that covers all units on the Rainey plant site since fulfilling the obligations under the Long-Term Parts and Long-Term Service Contract in 2018. The Contractual Service Agreement provides unplanned maintenance coverage, rotor replacement and auxiliary parts replacement in addition to a CPM, initial spare parts, parts and services for specified planned maintenance outages, remote monitoring and diagnostics of the turbine generators and combustion tuning for the gas turbines. Based on the latest approved fuel forecast, the contract term extends through 2027 and the Authority's estimated remaining commitment on the contract is $99.2 million, including escalation.

Effective November 1, 2000, the Authority contracted with Transcontinental Gas Pipeline Corporation to supply gas transportation needs for its Rainey Generating Station. The service agreement is for 80,000 dekatherms per day of firm capacity. Additionally, for a term beginning November 1, 2017 through December 31, 2020, the Authority has firm capacity of an additional 25,000 dekatherms through a delivered natural gas agreement via TEA.

Byproducts- Coal combustion products ("CCP"), which include fly ash, bottom ash, and flue gas desulfurization products such as gypsum, are produced when coal is burned to generate electricity. The Authority has entered into contracts for the beneficial use of CCPs and continually looks for new markets. The Authority supplies and delivers drywall quality gypsum to American Gypsum Company ("AG") in Georgetown, South Carolina under a long term contract that includes a minimum and maximum supply boundary. The gypsum is primarily sourced from synthetic gypsum produced at the Cross Generating Station ("CGS") and Winyah Generating Station ("WGS"). Currently and under projected dispatch assumptions, gypsum produced at CGS and WGS does not meet required minimums, and shortfalls are obtained from several external sources of both natural and synthetic gypsum. Sources may vary based on availability and cost. Natural gypsum is currently purchased and delivered from International Materials Inc. Synthetic gypsum is currently purchased from Cameron Ag Products, LLC ("Cam Ag"). Cam Ag provides this source via rail from Plant Bowen in Georgia to Jefferies Station.

In February 2019, the Authority entered into a contract with Meridian WGS, LLC ("Meridian") to convert low quality gypsum slurry stored at WGS into drywall quality gypsum using a proprietary process. The Authority has also entered into a lease agreement with Meridian that will allow it to construct its facility at WGS. Pending Meridian obtaining financing for construction, it will permit, construct and operate the conversion facility at WGS to produce drywall quality gypsum that can be used to meet contracted obligations. The conversion process allows waste material to be converted and beneficially used as drywall quality gypsum while providing an environmentally responsible and low cost option to close the slurry pond.

Additionally, ponded ash is reclaimed from the Authority's ash ponds for use in the cement industry, dry fly ash is recovered directly from the operating units for use in the cement industry, and bottom ash is beneficially used by concrete block manufacturers to produce concrete block. The Authority has multiple beneficial use agreements to facilitate beneficial use activities, one of which is the STAR Processed Fly Ash Operating and Sales Agreement between the Authority and The SEFA Group, Inc. ("SEFA"). Pursuant to this Agreement, Santee Cooper supplies dry fly ash and/or ponded ash to SEFA who processes it in their staged turbulent air reactor ("STAR") unit to produce a high quality ash which they market to the concrete industry.

Risk Management - The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions. The Authority purchases commercial insurance to cover these risks, subject to coverage limits and various exclusions. Settled claims resulting from these risks did not exceed commercial insurance coverage in 2018. Policies are subject to deductibles ranging from $500 to $2.0 million, with the exception of named storm losses which carry deductibles from $2.0 million up to $5.0 million. Also a $1.4 million general liability self-insured layer exists between the Authority's primary and excess liability policies. During 2018, there were minimal payments made for general liability claims.

The Authority is self-insured for auto, worker's compensation and environmental incidents that do not arise out of an insured event. The Authority purchases commercial insurance, subject to coverage limits and various exclusions, to cover automotive exposure in excess of $2.0 million per incident. Estimated exposure for worker's compensation is based on an annual actuarial study using loss and exposure information valued as of June 30, 2018. In addition, there have been no third-party claims regarding environmental damages for 2018 or 2017.

Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The amount of the self-insurance liabilities for auto, dental, worker's compensation and environmental remediation is based on the best estimate available. Changes in the reported liability were as follows:

Years Ended December 31,	**2018**	2017
	(Thousands)	
Unpaid claims and claim expense at beginning of year	**$ 1,680**	$ 2,019
Incurred claims and claim adjustment expenses:		
Add: Provision for current year events	**1,796**	2,572
Less: Payments for current and prior years	**2,401**	2,911
Total unpaid claims and claim expenses at end of year	**$ 1,075**	$ 1,680

The Authority pays insurance premiums to certain other State agencies to cover risks that may occur in normal operations. The insurers promise to pay to, or on behalf of, the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits. The State assumes all risks for the following:

(1) claims of covered employees for health benefits covered through South Carolina Public Employee Benefit Authority ("PEBA") Insurance Benefits; not applicable for worker's compensation injuries; and
(2) claims of covered employees for basic long-term disability and group life insurance benefits (PEBA Insurance Benefits and PEBA Retirement Benefits).

Employees elect health coverage through the State's self-insured plans with the exception of employee dental insurance for which the Authority is self-insured. Risk exposure for the dental plan is limited by plan provisions. Additional group life and long-term disability premiums are remitted to commercial carriers. The Authority assumes the risk for claims of employees for unemployment compensation benefits and pays claims through the State's self-insured plan.

Nuclear Insurance **-** The maximum liability for public claims arising from any nuclear incident has been established at $14.073 billion by the Price-Anderson Indemnification Act. This $14.073 billion would be covered by nuclear liability insurance of $450.0 million per reactor unit, with potential retrospective assessments of up to $137.6 million per licensee for each nuclear incident occurring at any reactor in the United States (payable at a rate not to exceed $20.5 million per incident, per year). Based on its one-third interest in Summer Nuclear Unit 1, the Authority could be responsible for the maximum assessment of $45.9 million, not to exceed approximately $6.8 million per incident, per year. This amount is subject to further increases to reflect the effect of (i) inflation, (ii) the licensing for operation of additional nuclear reactors and (iii) any increase in the amount of commercial liability insurance required to be maintained by the NRC. Additionally, SCE&G and the Authority maintain, with Nuclear Electric Insurance Limited (NEIL), $1.500 billion primary and $1.250 billion excess property and decontamination insurance to cover the costs of cleanup of the facility in the event of an accident. SCE&G and the Authority also maintain an excess property insurance policy with European Mutual Association for Nuclear Insurance (EMANI) to cover property damage and outage costs up to $415.0 million resulting from an event of non-nuclear origin. SCE&G and the Authority also maintain accidental outage insurance to cover replacement power costs (within policy limits) associated with an insured property loss. In addition to the premiums paid on these policies, SCE&G and the Authority could also be assessed a retrospective premium, not to exceed ten times the annual premium of each policy, in the event of property damage to any nuclear generating facility covered by NEIL. Based on current annual premiums and the Authority's one-third interest, the Authority's maximum retrospective premium would be approximately $7.4 million for the primary policy, $3.5 million for the excess policies and $1.8 million for the accidental outage policy.

SCE&G and the Authority maintained builder's risk insurance for the Summer Nuclear Units 2 and 3 construction. The builder's risk policy, carried by NEIL, was cancelled by SCE&G effective December 27, 2017 and carries a potential retrospective premium of approximately $42.0 million for six years from the cancellation date. Based on the Authority's current 45 percent ownership interest, the Authority's maximum retrospective premium would be approximately $18.9 million. The marine cargo/transit policy coverage was cancelled by SCE&G on January 31, 2018.

The Authority is self-insured for any retrospective premium assessments, claims in excess of stated coverage or cost increases due to the purchase of replacement power associated with an uninsured event. Management does not expect any retrospective assessments, claims in excess of stated coverage or cost increases for any periods through December 31, 2018.

Clean Air Act **-** The Authority endeavors to ensure that its facilities comply with applicable environmental regulations and standards.

In addition to the existing Clean Air Act ("CAA") Federal Acid Rain Program, the Environmental Protection Agency ("EPA") has implemented the Cross State Air Pollution Rule ("CSAPR") for SO2 and NOx emissions, effective January 1, 2015. The CSAPR rule does not negatively impact the Authority.

The Authority continues to review proposed greenhouse gas regulations and legislation to assess potential impacts to its operations. In 2010, EPA finalized the Prevention of Significant Deterioration ("PSD") Tailoring Rule for regulating greenhouse gases through the PSD permitting process under the existing CAA. EPA issued Best Available Control Technology ("BACT") Guidance in 2010 for use under the rule effective July 1, 2011. In 2014, EPA proposed three separate rules for (1) new, (2) existing, and (3) modified and reconstructed Electric Generating Units ("EGU"). On August 3, 2015, EPA announced a final rule to regulate carbon dioxide emissions from power plants entitled the Clean Power Plan ("CPP"). The final rule was published in the Federal Register on October 23, 2015. On February 9, 2016, the Supreme Court in a 5-4 vote granted an emergency stay of the CPP. In 2017, EPA proposed to repeal and replace the CPP, and in 2018 EPA issued a draft replacement rule, the Affordable Clean Energy ("ACE") Rule. This draft rule provides that the best system of emission reduction ("BSER") for existing units is based on heat rate improvement measures. The comment period for this draft rule ended on October 30, 2018, and EPA is currently reviewing comments with no projected rule completion date. The CPP stay remains in effect.

Through the maximum achievable control technology ("MACT") regulatory process, EPA has promulgated Utility MACT regulations to reduce the emissions of mercury and other hazardous air pollutants ("HAPs") from coal- and oil-fired electric utility steam boilers. The final MACT rule, renamed the Mercury and Air Toxics Standard ("MATS"), became effective April 16, 2015. The MATS rule includes emissions limitations for mercury, acid gases and other HAPS from existing and new coal-fired and oil-fired electric utility steam units. This is EPA's first national standard to reduce mercury and other air toxins from coal-fired and oil-fired power plants. On December 26, 2018, in response to a U.S. Supreme Court ruling, EPA proposed to determine that it is not "appropriate and necessary" to regulate HAP emissions from power plants under Section 112 of the Clean Air Act based on the cost of compliance relative to the HAP benefits of the regulation. However, the emissions standards and other requirements of the MATS rule would remain in place, since EPA is not proposing to remove coal-fired and oil-fired power plants from the list of sources that are regulated under Section 112 of the Act. Comments on this proposal are due within 60 days of its publication in the Federal Register. All Santee Cooper coal units are in compliance with the MATS rule.

On November 26, 2014, EPA completed the federally mandated 5-year review of the national ambient air quality standards ("NAAQS") and proposed a revised (more stringent) ground-level ozone standard range. This applies to both the primary (public health) and secondary (public welfare) standards. On October 1, 2015, EPA announced that the new NAAQS for ozone would be set at 70 parts per billion. This applies to both the primary and secondary ozone standards. On December 6, 2018, EPA's final state implementation plan ("SIP") requirements in nonattainment areas were published in the Federal Register. However, EPA projections, based on current monitoring networks, are that all counties in South Carolina will meet the revised standard without taking additional action to reduce emissions.

Safe Drinking Water Act - The Authority continues to monitor regulatory issues impacting drinking water systems at the Authority's regional water systems, generating stations, substations and other auxiliary facilities. DHEC has regulatory authority of potable water systems in South Carolina under The State Primary Drinking Water Regulation, R.61-58; the Authority endeavors to manage its potable water systems in compliance with R.61-58.

Clean Water Act - The Clean Water Act ("CWA") prohibits the discharge of pollutants, including heat, from point sources into waters of the United States, except as authorized in the National Pollutant Discharge Elimination System ("NPDES") permit program. DHEC has been delegated NPDES permitting authority by the EPA and administers the NPDES permit program for the State.

Wastewater discharges from the generating stations and the regional water plants are governed by NPDES permits issued by DHEC. Further, the storm water from the generating stations must be managed in accordance with the State's NPDES Industrial General Permit for storm water discharges. Storm water from construction activities must also be managed under the State's NPDES General Permit for storm water discharges from construction activity. The Authority endeavors to operate in compliance with these permits.

The EPA issued their final rule regarding Section 316(b) of the CWA on August 15, 2014. The rule establishes requirements for cooling water intake structures ("CWISs") at existing facilities. Section 316(b) of the CWA requires that the location, design, construction and capacity of CWISs reflect the best technology available (BTA) for minimizing adverse environmental impacts. Santee Cooper will continue to work with the regulatory agencies on implementation as required. The Authority believes compliance costs are not significant.
The EPA regulates oil spills prevention and preparedness under the CWA, Spill Prevention Control and Counter-measures ("SPCC"). These regulations require that applicable facilities, which include generating stations, substations and auxiliary facilities, maintain SPCC plans to meet certain standards. The Authority continually works to be in compliance with these regulations.

The EPA has also been developing a new rule specifying requirements for spill prevention and preparedness for chemicals stored in aboveground storage tanks. Under a consent decree issued on February 16, 2016, EPA is required to create new regulations that establish procedures, methods, equipment, and other requirements to prevent hazardous substance discharges. On June 25, 2018, EPA published a proposed rule that determined no additional actions are necessary to prevent these discharges. The public comment period for the proposed rule closed on August 24, 2018, and EPA is expected to take final action by mid- to late-2019. The Authority will continue to monitor the rule as it is being developed to determine the impacts.

The NPDES Steam Electric Effluent Limitation Guidelines ("ELG") rule became effective on January 4, 2016. It applies to all existing steam electric units greater than 50 MWs (other than oil-fired) and is to be phased in as soon as possible beginning November 1, 2018, but no later than December 31, 2023, via the reissuance of generating station NPDES Permits. New standards included a prohibition on discharge of bottom ash sluice water and stringent effluent limitations on flue gas desulfurization wastewater. In 2017, EPA announced its intent to conduct a new rulemaking which may revise some elements of the rule, and postponed the earliest compliance dates by two years to November 1, 2020; in practice, compliance with the ELG rule is integrated with the CCR rule (discussed further below). Portions of the rule that impact the Authority have been stayed, and the revised rule has not yet been published but is expected within the next six months.

The 2015 "Waters of the U.S." rule ("WOTUS"), which expands the federal jurisdiction under the Clean Water Act and would require additional permitting and mitigation for new construction or expansion projects regulated as Waters of the U.S., remains under judicial and agency review. The rule has had numerous legal challenges that have prevented it from going into effect in South Carolina at this time. A revised rule was released as a prepublication version on December 11, 2018. It will have a 60-day comment period once it is published in the Federal Register. The Authority's review of this new rule is ongoing, and we will continue to monitor further developments for potential impacts.

Hazardous and Non-Hazardous Substances, Solid Wastes and Coal Combustion Byproducts - Section 311 of the CWA imposes substantial penalties for spills of Federal EPA-listed hazardous substances into water and for failure to report such spills. The Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") provides for the reporting requirements to cover the release of hazardous substances into the environment. Additionally, the EPA regulations under the Toxic Substances Control Act ("TSCA") impose stringent requirements for labeling, handling, storing and disposing of polychlorinated biphenyls (PCBs) and associated equipment.

Under the CERCLA and Superfund Amendments and Reauthorization Act ("SARA"), the Authority could be held responsible for damages and remedial action at hazardous waste disposal facilities utilized by it, if such facilities become part of a Superfund effort. Moreover, under SARA, the Authority must comply with a program of emergency planning and a "Community Right-To-Know" program designed to inform the public about more routine chemical hazards present at the facilities. Both programs have stringent enforcement provisions. The Authority endeavors to comply with the applicable provisions of TSCA, CERCLA and SARA, but it is not possible to determine if some liability may be imposed in the future for past waste disposal or compliance with new regulatory requirements. The Authority strives to comply with all aspects of the Resource Conservation and Recovery Act (RCRA) regarding appropriate disposal of hazardous wastes.

The Authority generates solid waste associated with the combustion of coal, the vast majority of which is fly ash, bottom ash, scrubber sludge and gypsum. These wastes, known as Coal Combustion Residuals ("CCRs"), are exempt from hazardous waste regulation under the RCRA. On April 17, 2015, EPA published a rule that establishes a comprehensive set of requirements for the management and disposal of CCRs. The rule regulates CCRs as a RCRA Subtitle D, nonhazardous waste and had an effective date of October 19, 2015. In 2018 the rule was modified (the CCR Remand Rule) and additional future rule modifications are anticipated. The Authority continues to comply with the CCR rule, including through groundwater monitoring and internet postings of CCR rule reports. Long-term compliance plans include pond closures and utilization of Class 3 landfills at Cross and Winyah for disposal of CCRs. Beneficial use of ash and gypsum results in removal of CCRs from ponds to support closure and fewer CCRs being disposed of in the on-site landfills. Compliance costs for the CCR rule and related ELG rule will be determined as the requirements are clarified.

On November 2, 2018, DHEC issued a Permit to operate the newly constructed Class 3 landfill at Winyah Generating Station. The on-site landfill is now in operation.

The Authority has retired units and ancillary facilities at both the Grainger and Jefferies Generating Stations. Closure plans for both the Grainger and the Jefferies ash ponds have been approved by DHEC and closure through excavation, beneficial use, or landfilling material in a class 3 landfill is in progress.

The Solid Waste Disposal Act and Energy Policy Act give EPA authority to regulate Underground Storage Tanks (USTs). EPA regulations concerning USTs are contained in 40 CFR Parts 280-282. DHEC has granted state program approval in 2002 and regulates USTs under R. 61-92, Part 280 dated 2008. This regulation provides requirements for the design, installation, operation, closure, release detection, reporting and corrective action and financial responsibility. The Authority's corporate policy number 2-11-02 provides guidance for the proper management and monitoring of USTs for environmental and regulatory compliance.

Pollution Remediation Obligations – The Authority follows GASB 49 which addresses standards for pollution (including contamination) remediation obligations for activities such as site assessments and cleanups. GASB 49 does not include standards for pollution remediation obligations that are addressed elsewhere. Examples of obligations addressed in other standards include pollution prevention and control obligations for remediation activities required upon the retirement of an asset, such as ash pond closure and post-closure care and nuclear power plant decommissioning.

No pollution remediation liabilities were recorded for the years ended December 31, 2018 and 2017.

FERC Hydroelectric License - The Authority operates its Jefferies Hydro Station and certain other property, including the Pinopolis Dam on the Cooper River and the Santee Dam on the Santee River, which are major parts of the Authority's integrated hydroelectric complex, under a license issued by the FERC pursuant to the Federal Power Act ("FPA"). The project is currently undergoing relicensing and a Notice of Intent ("NOI") to relicense was filed with the FERC on November 13, 2000. The final license application was filed March 15, 2004. Due to a number of additional Information Requests, the relicensing process has extended beyond the March 31, 2006 license expiration date. The FERC has issued a standing annual license renewal until a final license is issued. The FERC issued its Final Environmental Impact Statement ("EIS") in October 2007. The South Carolina Department of Natural Resources, the U.S. Fish and Wildlife Service, and the Authority have jointly signed and filed a settlement agreement with the FERC that among other things, identifies fish passage and outflow guidelines during the term of the next license. The National Marine Fisheries Service ("NMFS") chose not to join in the settlement agreement and has submitted mandatory fishway conditions under §18 of the FPA and flow recommendations under §10 of that Act that are inconsistent with the settlement agreement. In November 2007, FERC requested that NMFS undertake an Endangered Species Act ("ESA") Section 7 consultation with regard to the relicensing project. In July of 2010, as a function of the required Section 7 consultation, NMFS submitted a draft biological opinion containing recommendations for the endangered shortnose sturgeon. The recommendations, if adopted, would result in substantial additional costs for operating the project. The Authority provided a response to those recommendations in September 2010. The Authority cannot predict when NMFS will issue a final biological opinion or the final outcome of the FERC relicensing process.

Homeland Security - The Department of Homeland Security ("DHS") was established by the Homeland Security Act of 2002, a portion of which relates to anti-terrorism standards at facilities which store or process chemicals. The Chemical Facility Anti-Terrorism Standards (CFATS) program identifies and regulates high-risk chemicals facilities to ensure they have security measures in place to reduce the risk associated with these chemicals. The Authority has been proactive in striving to comply with these evolving regulations by conducting valid threat and risk assessments to the facilities regulated by the CFATS program, also referred to as 6 CFR, Part 27. Once completed, the assessments become sensitive, federally controlled documents and are stored in accordance with all federal and state guidelines attendant to critical infrastructure information protection.

Legislative Matters - On June 29, 2018, the South Carolina General Assembly ("General Assembly") ratified a State budget for FY 2018-2019, which runs from July 1 to June 30. The State budget included a proviso addressing Santee Cooper, also known as the South Carolina Public Service Authority. Part 1B Proviso 117.162 established a Public Service Authority Evaluation and Recommendation Committee ("Evaluation Committee") comprised of the Governor, four SC Senators and four SC House Members.

An objective of the Evaluation Committee is to determine a manner in which the General Assembly may best protect ratepayers and taxpayers in regard to Santee Cooper. This includes analyzing whether selling Santee Cooper is in the best interest of the State and Santee Cooper's customers or whether Santee Cooper should be retained by the State.

From August 7, 2018 to February 6, 2019, the Evaluation Committee held six meetings. The Evaluation Committee hired ICF International, Inc. ("ICF") to assist the Evaluation Committee with its review and to facilitate a process to receive and evaluate non-binding indicative bid proposals for the full purchase of Santee Cooper, to receive alternative proposals, and to conduct a valuation of Santee Cooper. On February 1, 2019, ICF issued its report to the Evaluation Committee. The SC General Assembly is now expected to continue its review of Santee Cooper which includes, among other things, the consideration of various alternatives for Santee Cooper such as managing or restructuring Santee Cooper or selling portions of its assets.

On February 21, 2019, the South Carolina Senate announced the creation of the Select Committee on Santee Cooper. The Senate has not yet set a date for the first meeting of the Select Committee.

The General Assembly is scheduled to meet from January 8, 2019 to May 9, 2019. Legislation may be introduced that impacts Santee Cooper's operations. Santee Cooper will be educating and informing the General Assembly of the impact of any relevant legislation that may impact its customers and operations.

Legal Matters - Except as noted below, there are no actions, suits, or governmental proceedings pending or, to the knowledge of the Authority, threatened before any court, administrative agency, arbitrator or governmental body which would, if determined adversely to the Authority, have a material adverse effect on its financial condition.

Pee Dee Class Action. A purported class action was filed by George Hearn on behalf of the Authority's retail customers (case no. 2017-CP-26-5256 in Horry County, S.C.). The complaint contains a number of causes of action and allegations related to the Authority's decisions to construct and cancel construction of a coal-fired generation project in Florence County, South Carolina. The Authority's motion to dismiss was heard on September 27, 2018. No decision has been issued. However, even if determined adversely to the Authority, this action would not have a material adverse effect on the Authority's ability to transact its business or meet its obligations under the Revenue Obligation Resolution.

The Authority cannot predict the outcome of this matter.

Century Antitrust Suit. On January 30, 2017, Century Aluminum filed suit alleging violations of the Sherman Act, the Clayton Act, the South Carolina Unfair Trade Practices Act, and the South Carolina Antitrust Act (case no. 2:17-cv-00274-RMG in U.S. Dist. Court, Dist. of S.C., Charleston Division). On October 10, 2017 the court entered an order granting Santee Cooper's motion to dismiss based upon the state action immunity doctrine. Century filed a notice of appeal on the same day (case no.17-2192 in the U.S. Court of Appeals for the Fourth Cir.). On October 8, 2018, the parties agreed to settle this matter with Century dismissing its appeal, leaving the district court order in place.

Santee Cooper v. U.S. Army Corps of Engineers. The Authority filed a claim against the COE seeking a determination that the COE Re-diversion Contract does not require Santee Cooper to credit the COE for a capacity value surcharge and that the COE owes Santee Cooper approximately 1.4 million in contract payments for 2015. The COE denied the claim, asserted the Authority was required to pay the credit, and that a credit in the amount of $716,874 was due to the COE for 2015. The Authority appealed the decision to the Armed Services Board of Contract Appeals ("ASBCA") and the COE counterclaimed. The parties have asked the ASBCA to determine the rights under the contract. If the ASBCA determines that no credit is required, the Authority will prevail at the Board level. If the ASBCA determines that a credit is required, the parties will be required to attempt to determine the amount of the credit due to the COE for the remainder of the contract. If the parties do not reach an agreement, the court will make a determination of the amount.

The parties briefed the issues in the summer of 2018 but no timetable for a decision has been provided by the ASBCA. The parties have attempted settlement discussions but have been unsuccessful.

Santee Cooper cannot predict the outcome of this matter.

Summer Nuclear Units 2 and 3 Class Actions. Five purported class actions were filed on behalf of individuals either directly or indirectly served by the Authority. The complaints contain a number of causes of action and allegations related to the Authority's decisions to construct and cancel construction of two nuclear generation units in Fairfield County, SC. The Authority cannot predict the outcome of these lawsuits. If determined adversely to the Authority, these actions may possibly have a material adverse effect on the Authority's ability to transact its business or meet its obligations under the Revenue Obligation Resolution.

- ***Hope Brown et al. v. Santee Cooper and SCANA*** (case no. 2017-CP-40-05409 in Richland County, S.C.): Plaintiffs filed a complaint on September 8, 2017; SCANA removed the case to the U.S. Dist., Dist. of S.C., Columbia Division on October 12, 2017 (case no. 3:17-2764-TLW); on November 14, 2017, Plaintiffs voluntarily dismissed this action.

- ***Chris Kolbe et al. v. Santee Cooper, Santee Cooper's Board of Directors (certain former and current Directors named), et al.*** (case no. 2017-CP-08-02009 in Berkeley County, S.C.): Plaintiffs filed an amended complaint on September 29, 2017; Santee Cooper and the Directors filed a motion to dismiss the amended complaint on November 22, 2017; Plaintiffs voluntarily dismissed this action on March 27, 2018.

- ***Christine Delmater et al. v. Santee Cooper, Lonnie Carter, et al.*** (case no. 3:17-cv-02563-TLW in the U.S. Dist. Court, Dist. of S.C., Columbia Division): Plaintiffs filed a second amended complaint on November 7, 2017; Santee Cooper and Carter filed motions to dismiss the second amended complaint on January 10, 2018; Plaintiffs voluntarily dismissed this action on May 18, 2018.

- ***Jessica S. Cook et al. v. Santee Cooper, Santee Cooper's Board of Directors (certain former and current Directors named), SCE&G, Palmetto Elec. Coop., & Central Elec. Pwr. Coop.*** (case no. 2017-CP-25-348 in Hampton County, S.C): Plaintiffs originally filed this putative class action on August 22, 2017 in connection with Santee Cooper's decision to suspend construction and SCE&G's decision to abandon construction of. Summer Nuclear Units 2 and 3. The Fourth Amended Complaint was filed on March 27, 2018. The proposed class includes all ratepayers of Santee Cooper who paid utility bills that included "pre-construction, capital, in-service, construction, interest, and other pre-operational costs associated with the V.C. Summer Nuclear Reactor Unit 2 and 3 Project from January 1, 2007, to the present." Two putative subclasses are proposed: (1) direct Santee Cooper customers and (2) cooperative customers who indirectly purchased from Santee Cooper.

  The Fourth Amended Complaint asserts various causes of action against Santee Cooper, its directors, SCE&G, SCANA, Central Electric Cooperative, and Palmetto Electric Cooperative. Plaintiffs assert five claims against Santee Cooper alone: (1) declaratory judgment that the rates were not statutorily authorized; (2) breach of contract and/or implied contract on behalf of direct customers; (3) unconstitutional taking; (4) violation of due process; and (5) breach of contract and/or implied contract on behalf of indirect customers. Plaintiffs assert two claims on behalf of direct customers against Santee Cooper's board members in their official capacities: (1) breach of statutory duties and (2) breach of fiduciary duties. Plaintiffs also assert claims for (1) breach of contract and/or implied contract against Central/Palmetto Electric and SCANA/SCE&G. Finally, Plaintiffs assert four claims against all defendants: (1) negligence; (2) unjust enrichment/money had and received; (3) constructive trust (over the Toshiba settlement funds, any sale profits, and previously-paid rates); and (4) equity.

  Central Electric Cooperative answered Plaintiffs' Fourth Amended Complaint and filed cross-claims against Santee Cooper: (1) declaratory judgment that Santee Cooper breached its statutory duties; (2) declaratory judgment that Santee Cooper breached the coordination agreement; and (3) constructive trust (over the Toshiba payment and Citibank payment). Central does not assert a claim for damages, but asks for 70% of the lump sum payment Santee Cooper received from Citibank through monetization of the Toshiba settlement based on Central's allegation that it bears approximately 70% of Santee Cooper's capital costs.

  Palmetto Electric Cooperative answered Plaintiffs' Fourth Amended Complaint and filed seven cross-claims against SCANA, SCE&G, Santee Cooper, and Santee Cooper's directors. Three of those cross-claims are asserted against all defendants: (1) negligence; (2) unjust enrichment; and (3) equity. Three cross-claims are asserted against Santee Cooper alone: (1) taking; (2) for a declaratory judgment that Santee Cooper breached its statutory duties for charging rates for facilities that are not used and useful; and (3) constructive trust over the Toshiba payment and Citibank payment. Finally, one cross-claim is asserted against Santee Cooper's Directors alone: for a declaratory judgment that Santee Cooper's directors breached their statutory duties for charging rates that are not just and reasonable.

  Santee Cooper and the Directors' motions to dismiss Plaintiffs' Complaint, Central's cross-claims, and Palmetto's cross-claims were denied in November 2018. The following month, Santee Cooper filed cross-claims against SCE&G: (1) gross negligence, (2)

breach of fiduciary duties, (3) breach of contract accompanied by bad faith, (4) waste, (5) contractual indemnification, and (6) equitable indemnification. On January 31, 2019, SCE&G filed a Motion to Dismiss or in the Alternative Stay and Compel Arbitration with regard to the cross-claims. Discovery is proceeding.

Relatedly, in June 2018, Santee Cooper filed a petition with the South Carolina Supreme Court (appellate case no. 2018-001172), asking it to exercise its original jurisdiction to address whether Santee Cooper must comply with the statute specifically requiring it to fix, maintain, and collect charges at rates sufficient to provide for payment of all its expenses, the conservation, maintenance and operation of its facilities, the payment of principal and interest on its debt, and the fulfillment of its obligations to holders of other bonds and other debt – including the costs, expenses and obligations associated with Summer Nuclear Units 2 and 3. Defendants named in this matter are those who have filed claims against Santee Cooper related to these issues (including Cook, Glibowski, Central Electric Power Cooperative, and Palmetto Electric Power Cooperative). On February 22, 2019, the Court issued its order denying Santee Cooper's petition.

The Authority cannot predict the outcome of this matter.

- ***Timothy Glibowski et al. v. SCANA, SCE&G, Santee Cooper, Kevin Marsh, Jimmy Addison, Stephen Byrne, Martin Phalen, Mark Cannon, Russell Harris, Ronald Lindsay, James Micali, and Lonnie Carter*** (case no. 9:18-cv-273-TLW in the U.S. Dist. Court, Dist. of S.C., Beaufort Division): Plaintiffs filed this putative class action in connection with the decision to abandon construction of Summer Nuclear Units 2 and 3. The Second Amended Complaint was filed on January 28, 2019. It includes two proposed classes: (1) SCANA customers and (2) Santee Cooper customers who were charged and paid advance charges for costs associated with the construction of the units from 2007 to the present.

  The Second Amended Complaint asserts RICO and RICO conspiracy claims against SCANA, SCE&G, SCANA's officers, Santee Cooper, and the following Santee Cooper employees: Lonnie Carter (retired), Marion Cherry, and Michael Crosby. It also asserts a takings claim against SCANA, SCE&G, and Santee Cooper. Plaintiffs seek actual damages, treble damages under RICO, and attorneys' fees.

  On September 4, 2018, Santee Cooper filed a motion asking the court to certify two questions to the S.C. Supreme Court: (1) whether Santee Cooper is required by law to fix, maintain, and collect charges at rates sufficient to provide for payment of all its expenses, the conservation, maintenance and operation of its facilities, the payment of principal and interest on its debt, and the fulfillment of its obligations to holders of bonds and other debt – including the costs, expenses, and obligations associated with V.C. Summer Units 2 and 3 and (2) whether Santee Cooper is immune from Plaintiffs' claims for money damages under the doctrine of sovereign immunity and the S.C. Tort Claims Act. No ruling has been made.

  The Authority cannot predict the outcome of this matter.

Petition in the Original Jurisdiction. Santee Cooper filed a petition for original jurisdiction and complaint in the original jurisdiction of the South Carolina Supreme Court on June 25, 2018 (appellate case no. 2018-001172), naming as defendants the parties in the *Cook* action: individual ratepayers, Central Electric Power Cooperative Inc., and Palmetto Electric Power Cooperative.

The Authority seeks a declaration it must raise revenues from its customers through rates at least sufficient to pay all of its costs and expenses, the conservation, maintenance, and operation of its facilities, payment of principal and interest on indebtedness, and to fulfill all agreements with and obligations to debtholders, including those related to Summer Nuclear Units 2 and 3. The Authority also requests an injunction against the defendants and all others from using the courts of South Carolina to alter, limit, or restrict Santee Cooper's ability to follow the covenant. Central filed a return to the petition, opposing Santee Cooper's request for the Supreme Court entertain the action in its original jurisdiction. Palmetto joined in Central's return. The individual ratepayers filed a separate return. Santee Cooper filed replies to all returns. The Court has not yet accepted or rejected Santee Cooper's petition.

The Authority cannot predict the outcome of this matter.

Summer Nuclear Units 2 and 3 Governmental Inquiries. Various executive-branch entities have requested information related to Summer Nuclear Units 2 and 3. Specifically, the Authority has received subpoenas for information from the U.S. Securities & Exchange Commission and the U.S. Department of Justice. It has also received information requests and directives to provide information from the Governor of South Carolina. The Authority also received legislative inquiries from the S.C. House of Representatives and the S.C. Senate. The Authority continues to comply and cooperate with these subpoenas, information requests and directives and legislative inquiries.

BP Amoco Chemical Co. On August 25, 2017, BP Amoco Chemical Co. made a claim for $9,709,506.00 as property damage and income loss sustained because of an unexpected outage at its BP Cooper River Chemical Plant (Berkeley County, S.C.) on May 4, 2017. It appears the unexpected outage occurred during a routine maintenance operation, resulting in in BP being without power for approximately 11 minutes.

BP receives power from Santee Cooper pursuant to a service agreement, which limits liability. Santee Cooper denies liability. No action has been filed.

The Authority cannot predict the outcome of this matter.

Sales Tax – On January 26, 2018 the SC DOR notified SCE&G that the sales and use tax returns for the Summer Nuclear 2&3 project have been assigned for a sales and use tax audit. During a meeting on February 8th, the DOR clarified its position that, because the VC Summer 2&3 project had been abandoned and the manufacturing facility was not completed and would not produce electricity, the materials for the Project were not tax-exempt and sales taxes were due on previously tax exempt purchases. On May 31, 2018, the SC DOR notified SCE&G that, since all of the information requested of SCE&G was not provided; a Proposed Notice of Assessment was generated. The full assessment, which was based on information obtained by the department, was for $421 million. On October 1, 2018 Santee Cooper's outside counsel submitted on Santee Cooper's behalf a Protest to Notice of Proposed Assessment Department File No. 020800475. As of December 31, 2018, Santee Cooper continues to dispute the position that sales taxes are due and owing.

Note 11 – Retirement Plans

The South Carolina Public Employee Benefit Authority ("PEBA"), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board (restructured into the Department of Administration on July 1, 2015), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement System ("SCRS") and serves as a co-trustee of the Systems in conducting that review.

PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina, and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the State.

Plan Description - Substantially all Authority regular employees must participate in one of the components of the SCRS, a cost sharing, multiple-employer public employee retirement system, which was established by Section 9-1-20 of the South Carolina Code of Laws.

Benefit Provided - Vested employees ("Class Two Members") who retire at age 65 or with 28 years of service at any age are entitled to a retirement benefit, payable monthly for life. Vested employees (Class Three Members) who retire at age 65 or meet the "rule of 90 requirements" (i.e., the total of the member's age and the member's creditable service equals at least 90 years), are entitled to a retirement benefit, payable monthly for life. The annual benefit amount is equal to 1.82 percent of their average final compensation times years of service. Benefits fully vest on reaching five years of service for Class Two Members and eight years for Class Three Members. Reduced retirement benefits are payable as early as age 60 with vested service or 55 with 25 years of service for Class Two Members. The SCRS also provides death and disability benefits. Benefits are established by State statute.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allowed SCRS employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive ("TERI") Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit or disability retirement benefits. Effective July 1, 2005, TERI employees began "re-contributing" to the SCRS at the prevailing rate. However, no service credit is earned under the new regulations. The group life insurance of one times annual salary was re-established for TERI participants.

Effective July 1, 2012, the TERI program will close for Class Two members (members with effective date prior to July 1, 2012) on June 30, 2018, and it is not available to Class Three members (members with effective date on or after July 1, 2012). TERI was phased out in a 5-4-3-2-1 format. The TERI program ended on June 30, 2018, regardless of when a member entered the program.

Article X, Section 16 of the South Carolina Constitution requires that all State-operated retirement plans be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws (as amended) prescribes requirements relating to membership, benefits and employee/employer contributions.

Effective July 1, 2002, new employees have a choice of the type of retirement plan in which to enroll. The State Optional Retirement Plan ("State ORP") which is a defined contribution plan is an alternative to the SCRS retirement plan which is a defined benefit plan. The contribution amounts are the same, (9.00 percent employee cost and 14.41 percent employer cost); however, under the State ORP, 5.00 percent of the employer amount is directed to the vendor chosen by the employee and the remaining 9.41 percent is contributed to the SCRS. As of December 31, 2017, the Authority had 73 employees participating in the State ORP and consequently the related payments are not material.

Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 (the "Act") increased employer retirement contribution rates by 2 percent to 13.56 percent for SCRS. The employer contribution rate for the State ORP was increased to 13.56 percent, with 5 percent of the employer contribution being remitted directly to the participant's State ORP investment provider. The employer rate will continue to increase annually by 1 percent through July 1, 2022, with the ultimate employer rate reaching 18.56 percent. Employee rates for SCRS and the State ORP increased to and are capped at 9 percent. Employer and employee contribution rates may be decreased in equal amounts once the system is 85 percent funded. The employee contribution rate may not be less than ½ of the normal cost for the system. The Act also reduced the funding period for unfunded liabilities from 30 to 20 years over the next 10 years as well as lowered the current assumed annual rate of return from 7.5 percent to 7.25 percent. The assumed annual rate of return will expire July 1, 2021 and every four years thereafter. PEBA must propose an annual rate of return every four years, which will become effective if the General Assembly fails to enact a rate of return.

Contributions - All employees are required by State statute to contribute to the SCRS at the prevailing rate, currently 9.00 percent. The Authority contributed 14.41 percent of the total payroll for SCRS retirement. For 2018, the Authority also contributed an additional 0.15 percent of total payroll for group life. The contribution requirements for the prior four years were as follows:

Years Ended December 31,	**2018**	2017	2016	2015
		(Millions)		
From the Authority	**$ 19.80**	$ 17.70	$ 15.60	$ 14.80
From employees	**12.8**	12.6	11.8	11
Authority's covered payroll	**142.3**	142.7	140.1	136.4
Authority's contributions as a percentage of covered payroll	**13.9%**	12.4%	11.1%	10.9%

The Authority made 100 percent of the required contributions for each of the four years.

Liabilities, Expense and Deferred Outflows (Inflows) of Resources Related to Pensions - At December 31, 2018, the Authority reported a liability of $338.1 million. This includes its share of the net pension liability from SCRS as well as pension liabilities associated with the supplemental executive retirement plans ("SERP") noted under post-employment benefits, which were immaterial. The SCRS net pension liability was measured as of June 30, 2018 and determined by an actuarial valuation as of July 1, 2017. The Authority's proportionate share of the total net pension liability was based on the ratio of our actual contributions of $18.6 million paid to SCRS for the year ended June 30, 2018 relative to the actual contributions of $1.3 billion from all participating employers. The schedule of the Authority's proportionate share of the net pension liability for the years ended June 30, 2018 and 2017 are as follows:

	June 30, 2018	June 30, 2017
Authority's proportion of the net pension liability (%)	**1.43%**	1.43%
Authority's proportion of the net pension liability (millions)	**$ 321.8**	$ 323.1
Authority's covered employee payroll (millions)	**$ 142.3**	$ 142.7
Authority's proportion of the net pension liability as a percentage of its covered employee payroll	**226%**	226%
Plan fiduciary net position as a percentage of the total pension liability	**54.10%**	53.30%

For the year ended December 31, 2018, the Authority recognized a pension expense of $30.6 million, our proportionate share of the total pension expense. At December 31, 2018, the Authority reported deferred outflows (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
	(Thousands)	
Differences between expected and actual experience	**$ 637**	**$ 1,882**
Changes of assumptions	**12,816**	**0**
Net difference between projected and actual earnings on pension plan investments	**15,957**	**10,837**
Changes in proportion and differences between Authority's contributions and proportionate share of plan contributions	**513**	**1,638**
Authority's contributions subsequent to the measurement date	**8,733**	**0**
Total	**$ 38,656**	**$ 14,357**

The Authority reported $8.7 million as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years. The following schedule reflects the amortization of the Authority's proportional share of the net balance of remaining deferred outflows (inflows) of resources at December 31, 2018. Average remaining service lives of all employees provided with pensions through the pension plans at July 1, 2017, was 4.080 years for SCRS.

Year Ending December 31:	
	(Thousands)
2019	**$ 12,192**
2020	**7,481**
2021	**(3,591)**
2022	**(516)**
Total	**$ 15,566**

For the year ended December 31, 2017, the Authority recognized a pension expense of $32.0 million, our proportionate share of the total pension expense. At December 31, 2017, the Authority reported deferred outflows (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(Thousands)	
Differences between expected and actual experience	$ 1,448	$ 178
Changes of assumptions	18,978	0
Net difference between projected and actual earnings on pension plan investments	9,034	0
Changes in proportion and differences between Authority's contributions and proportionate share of plan contributions	719	2,639
Authority's contributions subsequent to the measurement date	8,318	0
Total	$ 38,497	$ 2,817

The Authority reported $8.3 million as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years. The following schedule reflects the amortization of the Authority's proportional share of the net balance of remaining deferred outflows (inflows) of resources at December 31, 2017. Average remaining service lives of all employees provided with pensions through the pension plans at July 1, 2016, measurement date was 4.073 years for SCRS.

Year Ending December 31:	
	(Thousands)
2018	$ 8,100
2019	13,250
2020	8,542
2021	(2,529)
Total	$ 27,363

Actuarial Assumptions - Actuarial valuations of the Authority involve estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Significant actuarial assumptions and other inputs used to measure the total pension liability as of December 31, 2018:

- **Measurement Date**	**June 30, 2018**
- **Valuation Date**	**July 1, 2017**
- **Expected Return on Investments**	**7.25%**
- **Inflation**	**2.25%**
- **Future Salary Increases**	**3.00% to 12.50% (varies by service)**
- **Mortality Assumption**	**2016 Mortality Table set back projected at SCALE AA from year 2016 Males multiplied by 100%. Females multiplied by 111%.**

Significant actuarial assumptions and other inputs used to measure the total pension liability as of December 31, 2017:

- Measurement Date	June 30, 2017
- Valuation Date	July 1, 2016
- Expected Return on Investments	7.25%
- Inflation	2.25%
- Future Salary Increases	3.00% to 12.50% (varies by service)
- Mortality Assumption	RP 2000 Mortality Table set back projected at SCALE AA from year 2000. RP-2000 Males multiplied by 100%. RP-2000 Females multiplied by 111%.

Discount Rate - The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return **-** For the measurement date as of June 30, 2018, the long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees. The expected returns, along with the expected inflation rate, form the basis for the target allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return (as prescribed by SC Code Section 9-16-335) used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity			
Global Public Equity	33.00%	6.99%	2.31%
Private Equity	9.00%	8.73%	0.79%
Equity Options Strategies	5.00%	5.52%	0.28%
Real Assets			
Real Estate (Private)	6.00%	3.54%	0.21%
Real Estate (REITs)	2.00%	5.46%	0.11%
Infrastructure	2.00%	5.09%	0.10%
Opportunistic			
GTAA/Risk Parity	8.00%	3.75%	0.30%
Hedge Funds (non-PA)	2.00%	3.45%	0.07%
Other Opportunistic Strategies	3.00%	3.75%	0.11%
Diversified Credit			
Mixed Credit	6.00%	3.05%	0.18%
Emerging Markets Debt	5.00%	3.94%	0.20%
Private Debt	7.00%	3.89%	0.27%
Conservative Fixed Income			
Core Fixed Income	10.00%	0.94%	0.09%
Cash and Short Duration (Net)	2.00%	0.34%	0.01%
Total Expected Real Return	100.0%		5.03%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.28%

For the measurement date as of June 30, 2017, the long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30-year capital market assumptions. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission ("RSIC") using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics, and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return (as prescribed by SC Code Section 9-16-335) used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity			
Global Public Equity	31.00%	6.70%	2.08%
Private Equity	9.00%	9.60%	0.86%
Equity Options Strategies	5.00%	5.90%	0.30%
Real Assets			
Real Estate (Private)	5.00%	4.30%	0.22%
Real Estate (REITs)	2.00%	6.30%	0.13%
Infrastructure	1.00%	6.30%	0.06%
Opportunistic			
GTAA/Risk Parity	10.00%	4.20%	0.42%
Hedge Funds (non-PA)	4.00%	3.80%	0.15%
Other Opportunistic Strategies	3.00%	4.20%	0.12%
Diversified Credit			
Mixed Credit	6.00%	3.90%	0.24%
Emerging Markets Debt	5.00%	5.00%	0.25%
Private Debt	7.00%	4.40%	0.31%
Conservative Fixed Income			
Core Fixed Income	10.00%	1.60%	0.16%
Cash and Short Duration (Net)	2.00%	0.90%	0.02%
Total Expected Real Return	100.00%		5.32%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.57%

Sensitivity Analysis - For the measurement date as of June 30, 2018, the following table presents the Authority's collective net pension liability calculated using the Authority's discount rate of 7.25% as well as SERP discount rates of 3.50% for both the pre-2007 and non-qualified benefits for what the Authority's net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

	1.00% Decrease	Current Discount Rate	1.00% Increase
		(Thousands)	
Authority's proportionate share of the net pension liability	**$ 428,674**	**$ 338,128**	**$ 273,097**

For the measurement date as of June 30, 2017, the following table presents the Authority's collective net pension liability calculated using the Authority's discount rate of 7.25% as well as SERP discounts rates of 3.00% for both the pre-2007 and 3.50% for the non-qualified benefits for what the Authority's net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

	1.00% Decrease	Current Discount Rate	1.00% Increase
		(Thousands)	
Authority's proportionate share of the net pension liability	$ 433,243	$ 338,783	$ 281,029

Other Retirement Benefits - The Authority also provides retirement benefits to certain employees designated by management and the Board under SERP. Benefits are established and may be amended by management and the Authority's Board and include retirement benefit payments for a specified number of years and death benefits. The cost of these benefits is actuarially determined annually. Beginning in 2006, these plans were segregated into internal and external funds. The qualified benefits are funded externally with the annual cost set aside in a trust administered by a third party. The pre-2007 retiree benefits and the non-qualified benefits are funded internally with the annual cost set aside and managed by the Authority. Effective February 23, 2018, entry into the plan is closed and no employee shall become a participant on or after this date. At December 31, 2018, the Authority reported an asset of $2.6 million and a liability of $16.3 million associated with the three plans as well as deferred outflows and inflows as follows:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
	(Thousands)	
Differences between expected and actual experience	**$ 1,910**	**$ 1,650**
Changes of assumptions	**315**	**274**
Net difference between projected and actual earnings on pension plan investments	**882**	**458**
Authority's contributions subsequent to the measurement date	**96**	**0**
Total	**$ 3,203**	**$ 2,382**

The Authority reported $96,000 as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years.

The following schedule reflects the amortization of the Authority's proportional share of the net balance of remaining deferred outflows (inflows) of resources at December 31, 2018.

Year Ending November 30:	
	(Thousands)
2019	$ 556
2020	(10)
2021	199
2022	(21)
2023	0
Total	$ 724

At December 31, 2017, the Authority reported an asset of $2.5 million and a liability of $15.6 million associated with the three plans as well as deferred outflows and inflows as follows:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
	(Thousands)	
Differences between expected and actual experience	$ 1,743	$ 1,370
Changes of assumptions	424	19
Net difference between projected and actual earnings on pension plan investments	422	611
Authority's contributions subsequent to the measurement date	95	0
Total	$ 2,684	$ 2,000

The Authority reported $95,000 as deferred outflows of resources related to contributions subsequent to the measurement date which was recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years.

The following schedule reflects the amortization of the Authority's proportional share of the net balance of remaining deferred outflows (inflows) of resources at December 31, 2017.

Year Ending November 30:	(Thousands)
2018	$ 215
2019	215
2020	(61)
2021	220
2022	0
Total	$ 589

Summer Nuclear Unit 1 Retirement - The Authority and SCE&G are parties to a joint ownership agreement for Summer Nuclear Unit 1 at the Summer Nuclear Station. As such, the Authority is responsible for funding its share of pension requirements for the nuclear station personnel. Any earnings generated from the established pension plan are shared proportionately and used to reduce the allocated funding.

As of December 31, 2018 and 2017, the Authority had a noncurrent pension liability of $5.7 million and $5.0 million, respectively.

In accordance with FASB ASC 715, the Authority has a regulatory liability balance of approximately $19.3 million and $16.4 million for the unfunded portion of pension benefits at December 31, 2018 and 2017, respectively. Additional information may be obtained by reference to the SCANA Corporation Annual Report on Form 10K as filed with the Securities Exchange Commission as of December 31, 2018.

Note 12 – Other Postemployment Benefits (OPEB)

Vacation / Sick Leave - Full-time employees earn 10 days of vacation leave for service under five years and 15 days of vacation leave for service under 11 years. Employees earn an additional day of vacation leave for each year of service over 10 until they reach the maximum of 25 days per year. Employees earn two hours per pay period, plus 20 additional hours at year-end for sick leave.

Employees may accumulate up to 45 days of vacation leave and 180 days of sick leave. Upon termination, the Authority pays employees for unused vacation leave at the pay rate then in effect. In addition, the Authority pays employees upon retirement 20 percent of their sick leave at the pay rate then in effect.

Plan Description - The Authority participates in an agent multiple-employer defined benefit healthcare plan whereby PEBA Insurance Benefits provides certain health, dental and life insurance benefits for eligible retired employees of the Authority. The retirement insurance benefits available are defined by PEBA Insurance Benefits and substantially all of the Authority's employees may become eligible for these benefits if they meet retirement eligibility with a minimum of 10 years of earned service or upon reaching age 60 after leaving employment with at least 20 years of service. Currently, approximately 1069 retirees meet these requirements.

For employees hired May 2, 2008 or thereafter, the number of years of earned service necessary to qualify for funded retiree insurance is 15 years for a one-half contribution, and 25 years for a full contribution. PEBA Insurance Benefits may be contacted at: PO Box 11661, Columbia, S.C. 29211-1661 and PEBA Retirement Benefits may be contacted at PO Box 11660, Columbia, S.C. 29211-1960.

As of the measurement date, June 30, 2018, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	960
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	1,698
Total Plan Members	**2,658**

Funding Policy - Prior to 2010, the Authority used the unfunded pay-as-you-go option (or cash disbursement) method pursuant to GASB 45 to record the net OPEB obligations. During 2010, the Authority elected to adopt an advanced or pre-funding policy and established an irrevocable trust with Synovus Trust Company. In 2018 with the implementation of GASB 75, the Authority established a formal funding plan and elected to fund the OPEB obligation over a 30-year closed period. This method of funding will result in a lower OPEB liability, more favorable discount rates, and establishes a method for writing off the regulatory asset as funding occurs.

Net OPEB Liability - The components of the net OPEB liability at June 30, 2018 were as follows:

	(Thousands)
Total OPEB Liability	$ 232,702
Plan fiduciary net position	59,928
Authority's net OPEB liability	$ 172,774
Plan fiduciary net position as a percentage of the total OPEB liability	25.75%

Actuarial Methods and Assumptions - The total OPEB liability was determined by an actuarial valuation as of December 31, 2016 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Actuarial Methods and Assumptions	
Actuarial Cost Method	Individual Entry-Age
Amortization Method	Level dollar
Amortization Period	Closed period; 29 years remaining as of the beginning of FYE18
Asset Valuation	Market Value
Investment Rate of Return	4.50%, net of investment expenses, including inflation
Inflation	2.25%
Salary Increases	3.00% to 7.00%, including inflation
Demographic Assumptions	Based on the experience study covering the five year period ending June 30, 2015 as conducted for the South Carolina Retirement Systems (SCRS)
Mortality	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. The following multipliers are applied to the base tables: 100% for male SCRS members, 111% for female SCRS members.
Participation Rates	Rates of 90% for fully funded retirees, 60% for partially funded retirees, and 20% for retirees not eligible for any explicit subsidy
Healthcare Cost Trend Rates	Initial rate of 6.75% declining to an ultimate rate of 4.15% after 14 years; Ultimate trend rate includes a 0.15% adjustment for the excise tax

Investments - The investments of the Authority must follow the general guidelines set by the Enabling Legislation. The Authority is required to invest without limitation its revenues in obligations the interest and principal of which are guaranteed or are fully secured by contracts with the United States of America; in obligations of any agency, instrumentality or corporation which has been or may hereafter be created by or pursuant to an act of Congress; direct and general Obligations of the State of South Carolina; and certificates of deposit issued by any bank, trust company or national banking association which do business in South Carolina.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.8%	0.1%
Fixed Income	93.2%	2.6%
Total Blended Average	**100.0%**	**2.5%**

Asset Allocation at June 30, 2018

The rate of return for 2018 on the Trust was (0.34%).

Discount rate. A Single Discount Rate of 4.50% was used to measure the total OPEB liability. The asset portfolio of the OPEB trust can support a 4.50% long term rate of return. Santee Cooper's funding policy utilizes a closed amortization period. As a result, the plan's fiduciary net position is projected to be sufficient to pay benefits.

Schedule of Changes in Net OPEB Liability
Fiscal Year Ended December 31, 2018

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
		(Thousands)	
Beginning balance	$ 224,768	$ 52,950	$ 171,818
Service cost	5,405		5,405
Interest on the total OPEB liability	10,073		10,073
Changes of benefit terms	0		0
Difference between expected and actual experience	(291)		(291)
Changes of assumptions	0		0
Employer contributions		14,455	(14,455)
Net investment income		(120)	120
Benefit payments	(7,253)	(7,253)	0
Administrative expense		(104)	104
Other		0	0
Net changes	7,934	6,978	956
Ending balance	$ 232,702	$ 59,928	$ 172,774

Ending balances are as of the measurement date, June 30, 2018.

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the net OPEB liability of the Authority calculated using the Authority's discount rate of 4.50% and for what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current discount rate.

	1.00% Decrease	Current Discount Rate	1.00% Increase
		(Thousands)	
Net OPEB liability	$ 208,138	$ 172,774	$ 143,979

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates - The following presents the net OPEB liability of the Authority calculated using the Authority's healthcare cost trend rate of 7.00% and for what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current discount rate.

	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
		(Thousands)	
Net OPEB liability	$ 138,515	$ 172,774	$ 216,162

OPEB Expense and Deferred Outflows (Inflows) of Resources Related to OPEB - For the year ended December 31, 2018; the Authority recognized OPEB expense of $13.5 million. At December 31, 2018, the Authority reported deferred outflows (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(Thousands)	
Differences between expected and actual experience	**$ 0**	**$ 249**
Changes of assumptions	**0**	**0**
Net difference between projected and actual earnings on OPEB plan investments	**2,130**	**0**
Authority's contributions subsequent to the measurement date	**21,046**	**0**
Total	**$ 23,176**	**$ 249**

The Authority reported $21 million as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019. Other amounts reported as deferred outflows (inflows) of resources will be recognized in OPEB expense in future years.

The following schedule reflects the amortization of the Authority's balance of remaining deferred outflows (inflows) of resources at December 31, 2018.

Year Ending December 31:	
	(Thousands)
2019	$ 491
2020	491
2021	491
2022	491
2023	(42)
Thereafter,	(41)
Total	$ 1,881

Schedule of Changes in Net OPEB Liability and Related Ratios
Fiscal Year Ended December 31, 2018

Measurement period ending June 30	**2018**
	(Thousands)
Service Cost	$ 5,405
Interest on the total OPEB liability	10,073
Difference between expected and actual experience	(291)
Benefit payments	(7,253)
Net change in total OPEB liability	7,934
Total OPEB liability - beginning	224,768
Total OPEB liability - ending (a)	$ 232,702
Plan fiduciary net position	
Employer contributions	$ 14,455
OPEB plan net investment income	(120)
Benefit payments	(7,253)
OPEB plan administrative expense	(104)
Net change in plan fiduciary net position	6,978
Plan fiduciary net position - beginning	52,950
Plan fiduciary net position - ending (b)	$ 59,928
Net OPEB liability - ending (a) - (b)	$ 172,774
Plan fiduciary net position as a percentage of total OPEB liability	25.75 %
Covered-employee payroll	$ 156,059,022
Net OPEB liability as a percentage of covered-employee payroll	110.71 %

Schedule of Contributions
(Thousands)

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2018	$ 15,364	$ 14,455	$909	$ 156,059	9.26%

Summer Nuclear OPEB - The Authority is responsible for funding its share of OPEB costs for nuclear station employees. The Authority's liability balances as of December 31, 2018 and 2017 were both approximately $11.7 million and $11.4 million, respectively.

In accordance with FASB ASC 715, the Authority recorded a regulatory liability of approximately $1.0 million and $3.3 million for the unfunded portion of OPEB costs at December 31, 2018 and 2017, respectively. Additional information may be obtained by reference to the SCANA Corporation Annual Report on Form 10K as filed with the Securities Exchange Commission as of December 31, 2018.

Note 13 – Credit Risk and Major Customers

In 2018, the Authority had one customer that accounted for more than 10 percent of the Authority's sales:

Customer:	2018	2017
	(Millions)	
Central	**$ 1,034**	$ 1,026

The Authority maintains an allowance for uncollectible accounts based upon the expected collectability of all accounts receivable. The allowance at each year ended December 31, 2018 and 2017 was $2.1 million and $2.2 million, respectively.

Note 14 – Storm Damage

2018
In September 2018, the Authority's system sustained damages from Hurricane Florence. As a result, portions of South Carolina were declared federal disasters areas for damages, and the entire state was declared eligible for protective measures expense relief. During 2018, the Authority incurred $11.7 million in capital and maintenance costs. A receivable of $8.8 million was recorded as of December 31, 2018, in anticipation for federal reimbursement in 2019. No additional costs for the event are anticipated in 2019.

The Authority does not expect to increase rates due to the impacts of these events and foresees no measurable long-term impacts on its operation or the demand for electricity by its customers.

2017
In addition to the $11.4 million costs for Hurricane Matthew accrued in 2016, the Authority incurred $5.5 million in capital and maintenance costs during 2017.

In September 2017, the Authority's system sustained damages from Hurricane Irma. As a result, portions of South Carolina were declared federal disaster areas for damages, and the entire state was declared eligible for protective measure expense relief. During 2017, the Authority incurred $1.4 million in capital and maintenance costs.

Note 15 – Change in Accounting Principle

The Authority implemented GASB statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, in the year ended December 31, 2018. The implementation of the statement required the Authority to record a prior year beginning balance for the net OPEB liability and contributions made by the Authority during the measurement period (year ended December 31, 2017). On October 13, 2017 the Board approved the use of regulatory accounting to offset the initial net OPEB liability. As a result, the Authority recorded a regulatory asset of $165.2 million. During 2018, $12.0 million was amortized to coincide with a deposit to the trust of the same amount. The remaining balance outstanding at December 31, 2018 was $153.2 million.

Note 16 – Subsequent Events

SCANA and Dominion Merger. On January 2, 2019 Dominion Energy, Inc. and SCANA Corporation announced that they completed their proposed merger. SCANA Corporation will be a first-tier, wholly owned subsidiary of Dominion Energy. Its operating companies – including South Carolina Electric & Gas Company (SCE&G), Public Service Company of North Carolina, Incorporated (PSNC Energy), and SCANA Energy Marketing, Inc. (SEMI) – and its services company will be managed by a new operating segment, the Southeast Energy Group.

Summer Nuclear 2 and 3 Combined Construction and Operating Licenses. On January 28, 2019, the Santee Cooper Board approved a resolution authorizing the Interim President and CEO to consent to SCE&G's request to terminate the Summer Nuclear Units 2 & 3 COLs. That consent was conveyed to the Nuclear Regulatory Commission in a letter dated January 29, 2019.

Commitments and Contingencies. In February 2019, the Authority entered into a contract with Meridian WGS, LLC ("Meridian") to convert low quality gypsum slurry stored at WGS into drywall quality gypsum using a proprietary process. The Authority has also entered into a lease agreement with Meridian that will allow it to construct its facility at WGS. Pending Meridian obtaining financing for construction, it will permit, construct and operate the conversion facility at WGS to produce drywall quality gypsum that can be used to meet contracted obligations. The conversion process allows waste material to be converted and beneficially used as drywall quality gypsum while providing an environmentally responsible and low cost option to close the slurry pond.

Legislative Matters. On February 1, 2019, ICF issued its report to the Evaluation Committee. The Evaluation Committee is now expected to continue its review of Santee Cooper which includes, among other things, the consideration of various alternatives for Santee Cooper such as managing or restructuring Santee Cooper or selling portions of its assets.

On January 29th, 2019, Chairman Charlie Condon was re-nominated by the Governor to serve as Board Chair. He will serve as Interim Chairman until either the appointment is approved or until the end of the regular 2019 legislative session, whichever occurs first.

On February 21, 2019, the South Carolina Senate announced the creation of the Select Committee on Santee Cooper. The Senate has not yet set a date for the first meeting of the Select Committee.

The General Assembly is scheduled to meet from January 8, 2019 to May 9, 2019. Legislation may be introduced that impacts Santee Cooper's operations. Santee Cooper will be educating and informing the General Assembly of the impact of any relevant legislation that may impact its customers and operations.

Legal Matters. ***Timothy Glibowski et al. v. SCANA, SCE&G, Santee Cooper, Kevin Marsh, Jimmy Addison, Stephen Byrne, Martin Phalen, Mark Cannon, Russell Harris, Ronald Lindsay, James Micali, and Lonnie Carter*** (case no. 9:18-cv-273-TLW in the U.S. Dist. Court, Dist. of S.C., Beaufort Division): Plaintiffs filed this putative class action in connection with the decision to abandon construction of Summer Nuclear Units 2 and 3. The Second Amended Complaint was filed on January 28, 2019. It includes two proposed classes: (1) SCANA customers and (2) Santee Cooper customers who were charged and paid advance charges for costs associated with the construction of the units from 2007 to the present.

On February 22, 2019, the South Carolina Supreme Court issued its order denying Santee Cooper's petition for appellate case no. 2018-001172.

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REQUIRED SUPPLEMENTAL FINANCIAL DATA:

Santee Cooper's Proportionate Share of the Net Pension Liability
Required Supplementary Information
Last Five Fiscal Years

Years Ended in June 30,	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability (%)	1.43%	1.43%	1.45%	1.44%	1.45%
Authority's proportion of the net pension liability (millions)	$ 321.8	$ 323.1	$ 309.7	$ 273.6	$ 249.7
Authority's covered employee payroll (millions)	$142.30	$142.70	$140.10	$136.40	$131.50
Authority's proportion of the net pension liability as a percentage of its covered employee payroll	226%	226%	221%	201%	190%
Plan fiduciary net position as a percentage of the total pension liability	54.1%	53.3%	56.9%	59.9%	59.9%

Santee Cooper's Contributions
Required Supplementary Information
Last Five Fiscal Years

Years Ended December 31,	2018	2017	2016	2015	2014
			(Millions)		
Required Contributions:					
From the Authority	$ 19.80	$ 17.70	$ 15.60	$ 14.80	$ 13.90
From employees	12.8	12.6	11.8	11	10.2
Contributions in relation to the required contributions:					
From the Authority	$ 19.80	$ 17.70	$ 15.60	$ 14.80	$ 13.90
From employees	12.8	12.6	11.8	11	10.2
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	142.3	142.7	140.1	136.4	131.5
Authority's contributions as a percentage of covered payroll	13.90%	12.40%	11.10%	10.90%	10.50%

Schedule of Total Pension Liability as a Percentage of Covered Payroll
Required Supplementary Information
Last Five Fiscal Years

Years Ended June 30,	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability (millions)	$ 321.8	$ 323.1	$ 309.7	$ 273.6	$ 249.7
Authority's covered employee payroll (millions)	$ 142.3	$ 142.7	$ 140.1	$ 136.4	$ 131.5
Authority's proportion of the net pension liability as a percentage of its covered employee payroll	226%	226%	221%	201%	190%

Santee Cooper's Schedule of Changes in the Total OPEB Liability and Related Ratios
Required Supplementary Information
Fiscal Year Ended December 31, 2018

Measurement period ending June 30		**2018**
Total OPEB Liability		
Service Cost	$	5,404,788
Interest on the total OPEB liability		10,072,981
Difference between expected and actual experience		(291,156)
Benefit payments		(7,253,210)
Net change in total OPEB liability		7,933,403
Total OPEB liability - beginning		224,768,231
Total OPEB liability - ending (a)	$	232,701,634
Plan fiduciary net position		
Employer contributions	$	14,454,566
OPEB plan net investment income		(119,535)
Benefit payments		(7,253,210)
OPEB plan administrative expense		(103,803)
Net change in plan fiduciary net position		6,978,018
Plan fiduciary net position - beginning		52,950,142
Plan fiduciary net position - ending (b)	$	59,928,160
Net OPEB liability - ending (a) - (b)	$	172,773,474
Plan fiduciary net position as a percentage of total OPEB liability		25.75 %
Covered-employee payroll	$	156,059,022
Net OPEB liability as a percentage of covered-employee payroll		110.71 %

Notes to Schedule:
Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following is the discount rate used in this period:

Fiscal Year	Rate
2018	4.50%

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE REVENUE OBLIGATION RESOLUTION

The following statements are summaries of certain provisions of the Revenue Obligation Resolution. Except as otherwise provided in this Official Statement, terms used under this caption which are defined in the Revenue Obligation Resolution, including, but not limited to those defined hereinafter, are used herein as so defined. Certain other provisions of the Revenue Obligation Resolution are summarized under the caption "SECURITY FOR THE 2019A BONDS."

Definitions of Certain Terms Used in Revenue Obligation Resolution

The following words and phrases are defined in the Revenue Obligation Resolution as hereinafter set forth.

"**Capital Costs**" shall mean the Authority's costs of (i) physical construction of or acquisition of real or personal property or interests therein for any project, together with incidental costs (including legal, administrative, engineering, consulting and technical services, insurance and financing costs), working capital and reserves deemed necessary or desirable by the Authority (including but not limited to costs of supplies, fuel, fuel assemblies and components or interests therein), and other costs properly attributable thereto; (ii) all capital improvements or additions, including but not limited to, renewals or replacements of or repairs, additions, improvements, modifications or betterments to or for any project; (iii) the acquisition of any other property (tangible or intangible), capital improvements or additions, or interests therein, deemed necessary or desirable by the Authority for the conduct of its business; (iv) any other purpose for which bonds, notes or other obligations of the Authority may be issued under the Enabling Act or under other applicable State statutory provisions (whether or not also classifiable as an operating expense); and (v) the payment of principal, interest, and redemption, tender or purchase price of (a) any Obligations, Commercial Paper or other indebtedness issued by the Authority for the payment of any of the costs specified above, including capitalized interest on such indebtedness, or (b) any indebtedness issued by the Authority to refund any indebtedness described in the preceding clause (a).

"**Government Obligations**" shall mean direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

"**Investment Securities**" shall mean any of the following which at the time are legal investments under the laws of the State of South Carolina for the moneys held hereunder then proposed to be invested therein: (1) Government Obligations; (2) certificates which evidence ownership of the rights to payment of the principal of or interest on Government Obligations; (3) bonds, debentures, notes or participation certificates issued by the Bank for Cooperatives, the Federal Intermediate Credit Bank, the Federal Home Loan Bank System, the Export-Import Bank of the United States, Federal Land Bank, the Federal National Mortgage Association, the Tennessee Valley Authority, or any other agency or corporation which is or may hereafter be created by or pursuant to an Act of Congress of the United States as an agency or instrumentality thereof; (4) obligations of state and local government municipal bond issuers, provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of non-callable obligations described in (1), (2), or (3) of this subparagraph, the maturing principal of and interest on which when due and payable, shall provide sufficient funds to pay the principal of and interest on such obligations of state and local government municipal bond issuers (5) Public Housing Bonds, or Project Notes, fully secured by contracts with the United States; (6) repurchase agreements with banks that are members of the federal reserve system or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York that are secured by securities described in (1) and (3) above having a current market value at least equal to one hundred two per cent (102%) of the amount of the repurchase agreement; (7) obligations of the State of South Carolina, (8) obligations of other states and investment contracts which obligations or investment contracts are rated at the time of purchase by each rating agency then maintaining a rating on the Obligations at the request of the Authority (each, a "Rating Agency") in one of the three highest rating categories (as determined without regard to any refinement or graduation of such rating by a numerical modifier or otherwise, a "Rating Category") of such Rating Agency; (9) deposits in interest bearing deposits or certificates of deposit or similar arrangements issued by any bank or national banking association (including the Trustee), which deposits, to the extent not insured by the Federal Deposit Insurance Corporation, shall be secured by Government Obligations or obligations described in clauses (2), (3), (4) or (7) of this paragraph, having a current market value (exclusive of accrued interest) at least equal to one hundred five percent (105%) of the amount of such deposits, which Government Obligations or obligations described in clauses (2), (3), (4)

or (7) of this paragraph shall have been deposited in trust by such bank or national association with the trust department of the Trustee or with a federal reserve bank or branch or, with the written approval of the Authority and the Trustee, with another bank, trust company or national banking association for the benefit of the Authority and the appropriate fund or account as collateral security for such deposits; (10) corporate securities, including commercial paper and fixed income obligations, which are, at the time of purchase, rated by a Rating Agency in one of its three highest Rating Categories for comparable types of obligations; and (11) such other investments from time to time allowed under applicable law.

"**Obligations**" shall mean any obligations, issued in any form of debt, authorized by a supplemental resolution, including but not limited to bonds, notes, bond anticipation notes, and Qualified Swaps, which are delivered under the Revenue Obligation Resolution.

"**Operation and Maintenance Expenses**" shall mean the Authority's expenses of operating the System, including, but not limited to, all costs of purchased power, operation, maintenance, generation, production, transmission, distribution, repairs, replacements, engineering, transportation, administration and general, audit, legal, financial, pension, retirement, health, hospitalization, insurance, taxes and any other expenses actually paid or accrued, of the Authority applicable to the System, as recorded on its books pursuant to generally accepted accounting principles, subject to the limitations with respect to take or pay contracts as set forth under "Take or Pay Contracts." Operation and Maintenance Expenses shall not include (1) any costs or expenses for new construction, (2) charges for depreciation, (3) voluntary payments in lieu of taxes or (4) any taxes or tax payments now or hereafter required to be made to the State or any political subdivisions only out of surplus revenues, for example, payments required by Code Sections 58-31-90, 58-31-100 (2) and (3), and 58-31-110, Code of Laws of South Carolina 1976.

"**Permitted Investments**" shall mean the obligations referred to in (1), (2), (3) and (4) of the definition of the term "Investment Securities".

"**Qualified Swap**" shall mean, to the extent from time to time permitted by law, with respect to Obligations, any financial arrangement (i) which is entered into by the Authority with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to the principal amount of such Obligations of the Authority as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Obligations); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, executed by the Authority for the purpose of moderating interest rate fluctuations or otherwise, and (iii) which has been designated in writing to the Trustee by the Authority as a Qualified Swap with respect to such Obligations.

"**Qualified Swap Provider**" shall mean an entity whose senior long term obligations, other senior unsecured long term obligations or claims paying ability, or whose payment obligations under an interest rate exchange agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability, are rated either (i) at least as high as the third highest Rating Category of each Rating Agency, but in no event lower than any Rating Category designated by each such Rating Agency for the Obligations subject to such Qualified Swap, or (ii) any such lower rating categories which each such Rating Agency indicates in writing to the Authority and the Trustee will not, by itself, result in a reduction or withdrawal of its rating on the Outstanding Obligations subject to such Qualified Swap that is in effect prior to entering into such Qualified Swap.

"**Revenues**" shall mean all the revenues, income, profits, tolls, rents, charges and returns of the Authority derived from its ownership or operation of the System, including the proceeds of any insurance covering business interruption loss relating to the System, but excluding other insurance proceeds and customer deposits.

System

The Authority's System, as defined in the Revenue Obligation Resolution, consists generally of (a) facilities for the purpose of acquiring, controlling, storing, preserving, treating, distributing and selling water for (i) navigation, power, irrigation, reclamation, or sale to residential, commercial, agricultural or industrial customers or other governmental entities; and (b) plants, works, structures, facilities and equipment for the generation, manufacture, transmission or distribution of water power and electric power and energy, and of any other forms of power and energy when authorized by the Enabling Act. The System shall not include separate projects established by the Authority for

any corporate purpose of the Authority other than those projects and purposes described hereinabove, nor separate systems described under "Separate Systems."

Revenue Fund

The Revenue Obligation Resolution continues, for so long as any of the Revenue Obligations are Outstanding, the Revenue Fund. The Revenue Fund shall be held in trust and administered by the Authority. The Authority covenants and agrees in the Revenue Obligation Resolution to pay into the Revenue Fund, as promptly as practical after the receipt thereof, all Revenues.

Funds and Accounts

For the purpose of providing for the payment of the principal of, premium, if any, and interest on the Revenue Obligations, the Revenue Obligation Resolution creates a Revenue Obligation Fund. Payments into the Revenue Obligation Fund shall be made prior to the payments required to be made from, or retained in, the Revenue Fund to cover the cost of operation and maintenance of the System and the payments required to be made into the Capital Improvement Fund.

Order of Payments From Revenue Fund

Under the Revenue Obligation Resolution, moneys shall be disbursed by the Authority from the Revenue Fund in the following order:

1. *Revenue Obligation Fund*: To pay when due to the Trustee the Revenue Obligation Fund Payments.

2. *Operating and Maintenance*: To pay expense of operation and maintenance.

3. *Capital Improvement Fund*: To pay during each Fiscal Year into the Capital Improvement Fund amounts at least equal to the Minimum Capital Improvement Requirement.

Any moneys remaining in the Revenue Fund each month after making the payments referenced above may be used by the Authority for any corporate purpose of the Authority.

Certain Moneys Not Required to be Deposited in Revenue Fund

The Revenue Obligation Resolution does not require the deposit into the Revenue Fund of any of the revenues, income, receipts, profits or other moneys of the Authority derived by the Authority through the ownership or operation of any separate system described under the section "Separate System" or through the ownership or operation of any separate project referred to under the section "System".

Authorization of Revenue Obligations

At any time one or more series of Revenue Obligations may be issued pursuant to the Revenue Obligation Resolution, upon the terms set forth in a Series Resolution, for any corporate purpose of the Authority, including the refunding or purchase of Revenue Obligations, provided there is no default under the Revenue Obligation Resolution.

Separate Systems

The System shall not include (i) any facilities for the purpose of providing water for sale to residential, commercial, agricultural or industrial customers or other governmental entities, or (ii) any facilities for the generation of any form of power and energy, or for the transmission and distribution of any form of power and energy, and any incidental properties constructed, acquired or leased in connection therewith, constructed or acquired by the Authority as a separate system, and if constructed or acquired with the proceeds of sale of bonds or other evidences of indebtedness, which bonds or other evidences of indebtedness are payable solely from the revenues or other income derived from the ownership or operation of such separate utility system, and may be further secured by a pledge of

Revenues junior and subordinate to the pledge securing the Revenue Obligations and payable therefrom, but only after the revenues and other income derived from the ownership or operation of such separate utility system and pledged to the payment of such bonds or other indebtedness are so applied in accordance with the proceedings providing for the issuance of such bonds or other indebtedness.

Junior Lien Obligations

Nothing in the Revenue Obligation Resolution shall prevent the Authority from issuing bonds, notes, bond anticipation notes, warrants, certificates or other obligations or evidences of indebtedness the payment of which shall be made from the proceeds of Revenue Obligations or other indebtedness of the Authority or from Revenues, and if payable from Revenues shall be made junior and subordinate to the payment of the Revenue Obligations. The Authority may create special funds to provide for the payment of such obligations, payments to which shall be made after payments to the Revenue Obligation Fund.

Insurance

The Revenue Obligation Resolution requires the Authority to insure such of its various properties as are usually insured by utilities owning like properties in similar amounts and coverages, with insurance companies, and to carry liability insurance in reasonable amounts.

Sale, Lease or Other Disposition of Properties

Subject to the next sentence, the Authority may sell, lease, or otherwise dispose of any part of its properties on such terms and conditions as may be prescribed by its Board of Directors. The Authority shall not take any action described in the preceding sentence unless, in the judgment of the Authority's Board of Directors, such action is desirable in the conduct of the Authority's business and does not materially impair the Authority's ability to comply with the rate covenant provisions of the Revenue Obligation Resolution.

Take or Pay Contracts

The Revenue Obligation Resolution does not prohibit the Authority from entering into take or pay contracts, including take or pay contracts with a separate system described under section "Separate Systems," to purchase power under conditions whereby payments the Authority is required to make may be calculated, in whole or in part, on the basis of power which the Authority does not purchase, require or obtain for whatever reasons. However, payments made by the Authority under such a take or pay contract for power not available for any reason other than an emergency or forced outage lasting not more than one year or normal and regularly scheduled maintenance outage may not be treated as Operation and Maintenance Expenses.

Capital Improvement Fund

The Revenue Obligation Resolution requires the deposit annually into the Capital Improvement Fund of an amount at least equal to the Minimum Capital Improvement Requirement defined as follows: an amount, which, together with the amounts deposited in the Capital Improvement Fund in the two immediately preceding Fiscal Years, will be at least equal to 8% of the revenues required by the Revenue Obligation Resolution to be paid into the Revenue Fund in the three immediately preceding Fiscal Years. Certain payments not made into the Capital Improvement Fund may be considered as a payment towards fulfillment of the Minimum Capital Improvement Requirement.

The moneys on deposit in the Capital Improvement Fund shall be used solely to pay Capital Costs.

Events of Default and Remedies Under the Revenue Obligation Resolution

A happening of one or more of the following constitutes an Event of Default under the Revenue Obligation Resolution:

(a) default in the due and punctual payment of any interest on any Revenue Obligation which shall continue for a period of 30 days; or

(b) default in the due and punctual payment of the principal of any Revenue Obligation, whether at the stated maturity thereof, at the mandatory redemption date, at the redemption date or upon declaration; or

(c) the Authority shall violate or fail to perform any of its covenants or agreements contained in the Revenue Obligation Resolution for 90 days after written notice of default is given to it by the Bond Fund Trustee or by the holder of any Revenue Obligation; or

(d) a default shall have occurred in respect of any bond, debenture, note or other evidence of indebtedness of the Authority, or in respect of any obligations of the Authority under any financing lease, whether now outstanding or existing or issued or otherwise undertaken hereafter, or under any indenture, resolution, lease or other agreement or instrument under which any such bond, debenture, note or other evidence of indebtedness or any such lease obligation has been or may be issued or by which any of the foregoing is or may be governed or evidenced, which default shall have resulted in the principal amount of such bond, debenture, note or other evidence of indebtedness or lease obligation becoming due and payable prior to its stated maturity or which default shall have been a default in the payment of principal when due and payable; or

(e) a decree or order by a court having jurisdiction in the premises shall have been entered judging the Authority as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization or arrangement of the Authority under the Federal bankruptcy laws or any similar applicable Federal or South Carolina law, and such decree or order shall have continued undischarged or unstayed for a period of forty (40) days; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Authority or any of its property, or for the winding-up or liquidation of the Authority or any of its property, shall have been undischarged and unstayed for a period of sixty (60) days; or

(f) the Authority shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization or arrangement under the Federal bankruptcy laws or any similar applicable Federal or South Carolina law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Authority or of any of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its insolvency or inability to pay its debts generally as they become due, or any action shall be taken by the Authority in furtherance of any of the foregoing aforesaid purposes.

If an Event of Default has occurred, and shall not have been remedied, the Trustee or the holders of not less than 25% in principal amount of the Revenue Obligations then outstanding may declare the principal of all Revenue Obligations and the interest accrued thereon to be immediately due and payable, but such declaration may be rescinded under certain circumstances.

After the occurrence of an Event of Default and prior to the curing of such Event of Default, the Trustee may, to the extent permitted by law, take possession and control of the System and operate and maintain the same, prescribe rates for capacity or power sold or supplied through the facilities of the System, collect the gross revenues resulting from such operation and perform all of the agreements and covenants contained in any contract which the Authority is then obligated to perform. In such event, such gross revenues shall be applied, first to the payment of the reasonable expenses and liabilities of the Trustee and thereafter to the payment of operating expenses and principal of and interest on the Revenue Obligations. After all sums then due in respect of the Revenue Obligations have been paid, and after all Events of Default have been cured or secured, to the satisfaction of the Trustee, the Trustee is required to relinquish possession and control of the System to the Authority. At any such time the Trustee shall be entitled to the appointment of a receiver of the business and property of the System, of the moneys, securities and funds of the Authority pledged under the Revenue Obligation Resolution, and of the Revenues, and of the income therefrom, with all such powers as the court or courts making such appointment shall confer.

The Revenue Obligation Resolution empowers the Trustee to file proofs of claims for the benefit of the holders of the Revenue Obligations in bankruptcy, insolvency, or reorganization proceedings and to institute suit for the collection of sums due and unpaid in connection with the Revenue Obligations, to enforce specific performance of

covenants contained in the Revenue Obligation Resolution or to obtain injunctive or other appropriate relief for the protection of the holders of the Revenue Obligations.

No holder of Revenue Obligations has any right to institute suit to enforce any provision of the Revenue Obligation Resolution or the execution of any trust thereunder (except to enforce the payment of principal or interest installments as they mature), unless the Trustee has been requested by the holders of not less than 25% in principal amount of the Revenue Obligations then outstanding to exercise the powers granted it by the Revenue Obligation Resolution or to institute such suit and unless the Trustee has refused or failed, within 60 days after the receipt of such request and after having been offered adequate security and indemnity, to comply with such request. In the event the Trustee has failed or refused to comply with the aforesaid request, the Revenue Obligation Resolution provides for the creation of an "Owners Committee."

Modifications of the Revenue Obligation Resolution

Modifications of the Revenue Obligation Resolution and of the rights and duties of the Authority and the holders of Revenue Obligations may be made with the consent of the Authority and written consent of the holders of not less than a majority of the Revenue Obligations at the time outstanding; provided that no modification shall be made which will (i) extend the fixed maturity date for the payment of any Revenue Obligation, or reduce the principal amount of or interest rate on any such Revenue Obligation or extend the time of payment of interest thereon or reduce any premium payable upon the prepayment or redemption thereof, or advance the date upon which any Revenue Obligation may first be called for redemption; or (ii) reduce the percentage of Revenue Obligations the holders of which are required to consent to any amendment to the Revenue Obligation Resolution; or (iii) give any Revenue Obligation or Revenue Obligations any preference over any other Revenue Obligation or Revenue Obligations or reduce the payments required to be made to the Revenue Obligation Fund, without the consent of the holders of all the Revenue Obligations affected thereby.

Defeasance

The obligations of the Authority under the Revenue Obligation Resolution shall be fully discharged and satisfied as to any Revenue Obligation and such Revenue Obligation shall no longer be deemed to be outstanding thereunder when payment of the principal of and the applicable redemption premium, if any, on such Revenue Obligation plus interest to the due date thereof (a) shall have been made or caused to be made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with the Trustee therefor in trust irrevocably appropriated and set aside exclusively for such payment (i) moneys sufficient to make such payments or (ii) Permitted Investments, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and, except for the purposes of such payment, such Revenue Obligation shall no longer be secured by or entitled to the benefits of the Revenue Obligation Resolution; provided that, with respect to Revenue Obligations to be redeemed or otherwise prepaid prior to the stated maturities thereof, notice of such redemption or prepayment shall have been given or irrevocable provision shall have been made for the giving of such notice.

SUMMARY OF CERTAIN PROVISIONS OF THE FORTY-SEVENTH SUPPLEMENTAL RESOLUTION

The following statements are summaries of certain provisions of the Forty-Seventh Supplemental Resolution. Except as otherwise provided in this Official Statement, terms used under this caption which are defined in the Forty-Seventh Supplemental Resolution, including, but not limited to those defined hereinafter, are used herein as so defined. Certain other provisions of the Forty-Seventh Supplemental Resolution are summarized under the caption "DESCRIPTION OF THE 2019A BONDS" and "SECURITY FOR THE 2019A BONDS."

Definitions

Unless the context shall clearly indicate otherwise, the terms used in the Forty-Seventh Supplemental Resolution, including the preambles and appendices thereto, which are defined in the Revenue Obligation Resolution shall have the meanings set forth therein.

As used in the Forty-Seventh Supplemental Resolution, including the preambles and appendices, unless the context shall clearly indicate otherwise, the following words and phrases shall have the meanings hereinafter set forth:

"**Agent Bank**" shall mean (a) in the case of any Liquidity Facility or Credit Facility to which only one Liquidity Provider or Credit Facility Issuer, respectively, is a party, such Liquidity Provider or Credit Facility respectively, and (b) in the case of any Liquidity Facility or Credit Facility to which more than one Liquidity Provider and/or Credit Facility Issuer, respectively, is a party, the agent appointed to act thereunder on behalf of the Liquidity Providers and/or Credit Facility Issuers that are parties thereto.

"**Alternate Credit Facility**" shall mean any letter of credit, insurance policy, surety bond, revolving credit agreement or other credit enhancement or support facility for the payment of the principal or Redemption Price of, and interest on, the 2019A Bonds and as to which the conditions set forth in the Forty-Seventh Supplemental Resolution shall be satisfied.

"**Authority**" shall mean the South Carolina Public Service Authority.

"**Authorized Denominations**" shall mean (i) for the 2019A Bonds bearing interest at a Daily Rate, a Weekly Rate or a Flexible Rate, $100,000 or any integral multiple of $5,000 in excess thereof; and (ii) for the 2019A Bonds bearing interest at a Term Rate or a Fixed Rate, $5,000 or any integral multiple thereof.

"**Authorized Officer**" or "**Authorized Officers**" means the President and Chief Executive Officer, any Executive Vice President or Senior Vice President, the Corporate Secretary, and the Treasurer of the Authority.

"**Bank Rate**" means the rate at which the 2019A Bank Bonds bear interest, from time to time, as determined in accordance with the provision of the Liquidity Facility Agreement or Reimbursement Agreement or other similar agreement entered into between the Authority and the Liquidity Provider or Credit Facility Issuer, as applicable, but in no event in excess of the Maximum Rate.

"**Beneficial Owner**" shall mean an individual purchaser of interests in all or any portion of the 2019A Bonds.

"**Board**" shall mean the Authority's Board of Directors.

"**Bond Counsel**" shall mean Nixon Peabody LLP, or any other attorney or firm of attorneys of nationally recognized standing in the field of law relating to the issuance of obligations by state and municipal entities, selected by the Authority.

"**Book-Entry Only 2019A Bond**" shall mean any 2019A Bond that is restricted to being registered in the registration books kept by the Registrar in the name of the Securities Depository therefor.

"**Business Day**" shall mean any day, other than (a) a Saturday or Sunday, (b) a day on which banks located in the cities in which the designated office of the Trustee or the Agent Bank is located are required or authorized to close, or (c) a day on which the New York Stock Exchange is closed. For purposes of this definition, the principal office or lending office of an Agent Bank shall be that office of such Agent Bank at which demands for payment under the related Credit Facility or Liquidity Facility, as applicable are to be presented.

"**Cede**" shall mean Cede & Company, as nominee of DTC.

"**Continuing Disclosure Agreement**" shall mean the Continuing Disclosure Agreement to be executed in connection with the issuance of the 2019A Bonds.

"**Converted Bonds**" shall mean 2019A Bonds bearing interest at a rate other than the Daily Rate or the Weekly Rate.

"**Credit Facility**" shall mean (a) the Initial Letter of Credit and (b) upon the effectiveness thereof as provided in the Forty-Seventh Supplemental Resolution, each Alternate Credit Facility, if any. Notwithstanding any other provision of the Forty-Seventh Supplemental Resolution, any Credit Facility may be the same instrument as any Liquidity Facility, so long as such instrument satisfies the requirements set forth in the Forty-Seventh Supplemental Resolution for both a Credit Facility and a Liquidity Facility.

"**Credit Facility Issuer(s)**" shall mean, with respect to a particular Credit Facility, the Person(s) that is (or are) the issuer(s) or provider(s) of such Credit Facility.

"**Daily Mode**" shall mean the Interest Mode during which the 2019A Bonds bear interest at Daily Rates.

"**Daily Rate**" shall mean the interest rate applicable to the 2019A Bonds during the Daily Mode, determined as provided in the Forty-Seventh Supplemental Indenture.

"**Delivery Date**" shall mean the date of the initial issuance and delivery of the 2019A Bonds.

"**Differential Interest Amount**" shall mean the amount of interest, if any, resulting from the Bank Rate or Rates in effect from time to time during a particular period being in excess of such 2019A Bond Rate or Rates in effect during such period.

"**DTC**" shall mean The Depository Trust Company, New, York, New York.

"**Eligible Account**" shall mean an account that is either (a) maintained with a federal or state-chartered depository institution or trust company; or (11) maintained with the corporate trust department of a federal depository institution or state-chartered depository institution subject to regulations regarding fiduciary funds on deposit similar to Title 12 of the U.S. Code of Federal Regulations, Section 9.10(b), which, in either case, has corporate trust powers and is acting in its fiduciary capacity.

"**Eligible Moneys**" means any one or more of the following:

(a) moneys deposited in the Revenue Obligation Fund that have been continuously on deposit with the Trustee for a period of at least 367 days during which no petition in bankruptcy (or other bankruptcy or similar proceedings) is pending or has been filed by or against the Authority under the United States Bankruptcy Code, as now or hereafter in effect, or other applicable state or federal bankruptcy, insolvency, reorganization or similar law for the relief of debtors, as now or hereafter in effect;

(b) moneys from draws on the Letter of Credit;

(c) any other moneys or securities, if there is delivered to the Trustee an opinion of counsel from legal counsel nationally recognized for having expertise in bankruptcy matters (who, for purposes of such opinion, may assume that no bondowner is an "insider," as defined in the United States Bankruptcy Code) to the effect that the use of such moneys or securities to pay the principal or purchase price of, or premium, if

any, or interest on the 2019A Bonds would not constitute a voidable preferential payment in the event of the occurrence of the filing of a petition in bankruptcy (or other commencement of bankruptcy or similar proceedings) by or against the Authority under the United States Bankruptcy Code, or other applicable state or federal bankruptcy, insolvency, reorganization or similar law for the relief of debtors, as now or hereafter in effect;

(d) proceeds from a Series of Obligations issued to refund the 2019A Bonds; and

(e) any investment income from the above.

"**Facility Expiration Date**" shall mean the date upon which the Liquidity Facility or Credit Facility, as applicable, is stated to expire or terminate by its terms, as such date may be extended from time to time, either by extension or renewal of such Liquidity Facility or Credit Facility.

"**Facility Requirement**" shall mean, at such time (if any) of the 2019A Bonds are in an Interest Mode other than the Fixed Mode, an amount equal to the principal amount of the Outstanding 2019A Bonds (other than 2019A Bank Bonds), plus (a) if the 2019A Bonds shall be in a Daily Mode or a Weekly Mode, such number of days' interest thereon, as shall be specified in the Credit Facility or Liquidity Facility, as applicable, computed at a rate per annum equal to the Maximum Rate and on the basis of a 365-day year and (b) if the 2019A Bonds shall be in the Flexible Mode, the Term Mode or the Fixed Mode, an amount determined necessary or desirable by the Authority.

"**Fitch**" shall mean Fitch Ratings, Inc., and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

"**Fixed Mode**" shall mean the Interest Mode during which the 2019A Bonds bear interest at the Fixed Rate.

"**Fixed Rate**" shall mean the interest rate applicable to the 2019A Bonds during the Fixed Mode, determined as provided in the Forty-Seventh Supplemental Indenture.

"**Flexible Mode**" shall mean the Interest Mode during which the 2019A Bonds bear interest at Flexible Rates.

"**Flexible Rate**" shall mean the interest rate applicable to the 2019A Bonds during the Flexible Mode, determined as provided in the Forty-Seventh Supplemental Indenture.

"Ineligible Bonds" shall mean, collectively, the Issuer Bonds, the Converted Bonds and the 2019A Bank Bonds.

"**Initial Letter of Credit**" shall mean the Letter of Credit issued by the Initial Letter of Credit Issuer in favor of the Trustee to secure the payment of the principal or Redemption Price of, and interest on, the 2019A Bonds (other than Ineligible Bonds) when due and the Purchase Price of 2019A Bonds (other than Ineligible Bonds) that are tendered or deemed tendered for purchase and not remarketed, as the same may be amended, restated or supplemented from time to time. The Initial Letter of Credit shall be and constitute both a "Credit Facility" and a "Liquidity Facility" for the 2019A Bonds within the meaning of the Forty-Seventh Supplemental Resolution.

"**Initial Letter of Credit Issuer**" shall mean Bank of America, N.A., in its capacity as the issuer of the Initial Letter of Credit.

"**Initial Reimbursement Agreement**" shall mean the Reimbursement Agreement between the Authority and the Initial Letter of Credit Issuer, as the same may be amended, restated or supplemented from time to time in accordance with the terms thereof.

"**Interest Accrual Period**" shall mean the period from and including each Interest Payment Date to but excluding the next Interest Payment Date. The initial Interest Accrual Period for the 2019A Bonds shall begin on (and include) the Delivery Date. The final Interest Accrual Period for any 2019A Bond shall end on the day next preceding the maturity or redemption date of such 2019A Bond.

"**Interest Mode**" shall mean a period of time relating to the frequency with which the interest rate on the 2019A Bonds is determined pursuant to the Forty-Seventh Supplemental Resolution. An Interest Mode may be the Daily Mode, the Weekly Mode, the Flexible Mode, the Term Mode or the Fixed Mode.

"**Interest Payment Date**" shall mean, with respect to each 2019A Bond, (a) each date on which the 2019A Bonds shall be subject to mandatory tender for purchase pursuant to the Forty-Seventh Supplemental Resolution, (b) except as to any 2019A Bank Bond, (i) as to 2019A Bonds in the Daily Mode or the Weekly Mode, the first Business Day of each calendar month; (ii) as to 2019A Bonds in the Flexible Mode, the first Business Day following the end of each Interest Period with respect thereto; and (iii) as to 2019A Bonds in the Term Mode or the Fixed Mode, semi-annually on each January 1 and July 1 commencing on the first January 1 or July 1 occurring after the conversion to such Interest Mode; *provided, however,* that if such first date occurs less than three (3) months after such conversion, said first Interest Payment Date shall be on the second such date following such conversion; (c) as to any 2019A Bank Bond, unless otherwise provided in the Liquidity Facility Agreement or Reimbursement Agreement or applicable Liquidity Facility or Credit Facility, each date determined pursuant to the Forty-Seventh Supplemental Resolution; and (d) the maturity or redemption date thereof

"**Interest Period**" shall mean the period from and including a Rate Adjustment Date to but excluding the next succeeding Rate Adjustment Date (if any); *provided, however,* that (a) the first Interest Period for the 2019A Bonds shall be the period from and including the Delivery Date to but excluding the first Rate Adjustment Date and (b) the final Interest Period for any 2019A Bond shall be the period from and including the last Rate Adjustment Date preceding the maturity or redemption date of such 2019A Bond to but excluding such maturity or redemption date.

"Issuer Bonds" shall mean (i) 2019A Bonds owned or held by the Authority or held by the Trustee, or its agents, for the account of the Authority or (ii) 2019A Bonds which the Authority has notified the Trustee, or which the Trustee knows, were purchased by another Person for the account of the Authority with moneys furnished by the Issuer Bonds owned by or on behalf of the Authority.

"**Letter of Credit**" shall mean (i) the Initial Letter of Credit and (ii) any other unconditional, irrevocable, direct-pay letter of credit or similar facility issued by one or more Credit Facility Issuers, delivered to the Trustee to provide for the payment of the principal or Redemption Price of, and interest on, the 2019A Bonds when due and the Purchase Price of Series 2019A Bonds that are tendered or deemed tendered for purchase and not remarketed, as the same may be amended, restated and supplemented from time to time.

"**Letter of Credit Issuer(s)**" shall mean, with respect to a particular Letter of Credit, the Person(s) that is (or are) the issuer(s) of such Letter of Credit.

"**Liquidity Facility**" shall mean (a) the Initial Letter of Credit, (b) any standby bond purchase agreement, revolving credit agreement, letter of credit, surety bond or other agreement or instrument under which any Person undertakes to make loans or provide funds to purchase 2019A Bonds upon the tender (or deemed tender) thereof for purchase and as to which the conditions set forth in the Forty-Seventh Supplemental Indenture shall be satisfied, and (c) upon the effectiveness thereof as provided in the Forty-Seventh Supplemental Indenture, each Substitute Liquidity Facility. Notwithstanding any other provision of the Forty-Seventh Supplemental Resolution, any Liquidity Facility may be the same instrument as any Credit Facility, so long as such instrument satisfies the requirements set forth in the Forty-Seventh Supplemental Resolution for both a Liquidity Facility and a Credit Facility.

"**Liquidity Facility Agreement**" shall mean (a) for so long as the Initial Letter of Credit shall be in effect, the Initial Reimbursement Agreement and (b) upon the effectiveness of any Substitute Liquidity Facility as provided in the Forty-Seventh Supplemental Indenture, the agreement pursuant to which such Substitute Liquidity Facility shall be issued or provided, in each such case, as the same may be amended or supplemented from time to time.

"**Liquidity Provider**" or "**Liquidity Providers**" shall mean, as the context may require, the Person(s) that is (or are) the issuer(s) or provider(s) of a particular Liquidity Facility.

"**Liquidity Provider Purchase Date**" shall mean, with respect to each 2019A Bond purchased by the Liquidity Provider(s) (or any nominee or nominees thereof) pursuant to the Forty-Seventh Supplemental Indenture, the date of such purchase.

"**Market Rate**" shall mean any interest rate determined by the Remarketing Agent in its judgment as the minimum interest rate necessary to be borne by such 2019A Bond for the relevant Interest Period to enable the Remarketing Agent to remarket such 2019A Bond on the Rate Adjustment Date therefor at a price (without regard to accrued interest) equal to 100% of the principal amount thereof; *provided, however,* that in no event shall any rate so determined exceed the Maximum Rate.

"**Master Resolution**" shall mean the resolution of the Authority's Board adopted April 26, 1999 entitled: "RESOLUTION OF THE BOARD OF DIRECTORS OF SOUTH CAROLINA PUBLIC SERVICE AUTHORITY ESTABLISHING THE GENERAL TERMS AND CONDITIONS UPON WHICH ITS REVENUE OBLIGATIONS MAY BE ISSUED FOR CORPORATE PURPOSES OF THE AUTHORITY"

"**Maximum Rate**" shall mean (a) with respect to 2019A Bonds other than 2019A Bank Bonds, the lesser of (i) the maximum rate permitted by law and (ii) ten percent (10%) per annum, or such higher rate as shall be approved by the Authority if (a) an Opinion of Bond Counsel shall have been delivered to the Notice Parties to the effect that any such change in the Maximum Rate (i) is authorized or permitted by the Resolution and the Act and (ii) will not cause the interest on the 2019A Bonds to become includable in gross income for federal income tax purposes and (b) if the 2019A Bonds shall be in the Daily Mode or the Weekly Mode, the Credit Facility and/or Liquidity Facility is modified (if necessary) so that its stated amount or the aggregate commitment of the Liquidity Provider(s) and/or Credit Facility Provider thereunder, as the case may be, is increased to give effect to the increased Maximum Rate, and (b) with respect to the 2019A Bank Bonds, the lesser of (i) the maximum rate permitted by law and (ii) the interest rate accruing on 2019A Bank Bonds as set forth in the Liquidity Facility Agreement.

"**Mode Adjustment Date**" shall mean any date on which the Interest Mode or Interest Period to which the 2019A Bonds are subject is to be changed to another Interest Mode or Interest Period, as the case may be, determined as provided in the Forty-Seventh Supplemental Indenture.

"**Moody's**" shall mean Moody's Investors Service and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

"**Note Resolution**" means the resolution of the Board of the Issuer adopted August 23, 2010, entitled "AMENDED AND RESTATED RESOLUTION OF THE BOARD OF DIRECTORS OF SOUTH CAROLINA PUBLIC SERVICE AUTHORITY AUTHORIZING THE ISSUANCE OF REVENUE PROMISSORY NOTES OF THE ISSUER; AUTHORIZING THE ISSUANCE OF BANK NOTES IN CONNECTION THEREWITH; PRESCRIBING THE FORM OF THE NOTES AND THE BANK NOTES; AND MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS WITH RESPECT THERETO, as amended and supplemented from time to time.

"**Notice Parties**" shall mean (a) the Authority, (b) the Trustee, (c) the Paying Agent for the 2019A Bonds, (d) the Registrar, and (e) if the 2019A Bonds are in an Interest Mode other than the Fixed Mode, the Remarketing Agent, the Tender Agent and the Agent Bank.

"**Officer's Certificate**" shall mean a certificate of an Authorized Officer of the Authority.

"**Official Statement**" shall mean the Official Statement of the Authority relating to the 2019A Bonds and referred to in the Forty-Seventh Supplemental Indenture.

"**Opinion of Bond Counsel**" shall mean an opinion in writing signed by an attorney or firm of attorneys selected by the Authority of nationally recognized standing in matters pertaining to the federal income tax treatment of interest on bonds issued by states and their political subdivisions.

"**Paying Agent**" shall mean The Bank of New York Mellon Trust Company, N.A., acting as Paying Agent for the 2019A Bonds.

"**Person**" shall mean any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"**Purchase Contract**" shall mean the Bond Purchase Agreement to be entered into between the Authority and the Underwriter in connection with the sale of the 2019A Bonds.

"**Purchase Date**" shall mean a Business Day on which 2019A Bonds (or portions thereof or beneficial ownership interests therein) are to be purchased upon optional or mandatory tender or deemed tender thereof pursuant to the terms of the Forty-Seventh Supplemental Resolution.

"**Purchase Price**" shall mean an amount equal to 100% of the principal amount of any 2019A Bonds (or portions thereof or beneficial ownership interests therein) tendered or deemed tendered or remarketed pursuant to the Forty-Seventh Supplemental Resolution plus accrued and unpaid interest, if any, at the 2019A Bond Rate or Rates in effect for the period from and including the first day of the then current Interest Accrual Period through and including the day immediately preceding the Purchase Date or the date of remarketing, as the case may be, unless, in the case of 2019A Bonds in the Term Mode, the date of remarketing is on or after the Record Date for the next succeeding Interest Payment Date for the 2019A Bonds (other than 2019A Bank Bonds) and on or prior to such Interest Payment Date, in which case the accrued and unpaid interest on such 2019A Bonds being remarketed on such date shall not be paid as part of the Purchase Price.

"**Quarterly Payment Date**" shall mean the last Business Day of each March, June, September and December.

"**Rate Adjustment Date**" shall mean the day on which each Daily Rate, Weekly Rate, Flexible Rate, Term Rate or Fixed Rate on a 2019A Bond shall become effective as provided in the Forty-Seventh Supplemental Indenture.

"**Rate Determination Date**" shall mean the time and date as of which an interest rate for the 2019A Bonds shall be determined, which date shall be determined in the case of any Interest Mode, as provided in the Forty-Seventh Supplemental Indenture.

"**Rating Agency**" shall mean Fitch if the 2019A Bonds are then rated by Fitch, Moody's if the 2019A Bonds are then rated by Moody's, and S&P if the 2019A Bonds are then rated by S&P, in each case, at the request of the Authority.

"**Rebate Amount**" shall mean the excess of the future value, as of a computation date, of all receipts on nonpurpose investments (as defined in Section 1.148-3 of the Income Tax Regulations) over the future value, as of that date, of all payments on nonpurpose investments, but shall not include any amount exempted by Section 148(1) of the Code from payment to the United States.

"**Record Date**" shall mean (a) except as provided in clause (b) below, (i) with respect to an Interest Payment Date for 2019A Bonds in the Term Mode or the Fixed Mode, the close of business on the fifteenth day (whether or not a Business Day) of the next preceding calendar month; and (ii) with respect to an Interest Payment Date for 2019A Bonds in the Daily Mode, the Weekly Mode or the Flexible Mode and 2019A Bank Bonds, the close of business on the Business Day immediately preceding such Interest Payment Date; and (b) in the case of any Interest Payment Date described in clause (a) of the definition thereof, the close of business on the Business Day immediately preceding such Interest Payment Date.

"Redemption Price" shall mean, with respect to any 2019A Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such 2019A Bond or the Resolution.

"**Reimbursement Agreement**" shall mean (a) initially, the Initial Reimbursement Agreement and (b) any other loan agreement or reimbursement agreement that provides for the reimbursement by the Authority to the Credit Facility Issuer(s) of amounts paid under an Alternate Credit Facility, in each such case, as the same may be amended or supplemented from time to time.

"**Remarketing Agent**" shall mean each firm appointed by the Authority from time to lime as the Remarketing Agent for the 2019A Bonds and that is party to a Remarketing Agreement.

"**Remarketing Agreement**" shall mean the Remarketing Agreement to be entered into between the Authority and BofA Securities, Inc., as amended from time to time, or such other remarketing agreement(s) as may be entered into by the Authority from time to time in replacement that is (or are) designated by an Authorized Officer of the Authority

as constituting a "Remarketing Agreement" under the Forty-Seventh Supplemental Resolution at the time of the execution and delivery thereof.

"**Resolution**" shall mean the Master Resolution, as amended and supplemented from time to time and, unless the context shall clearly indicate otherwise, including all Series Resolutions and Supplemental Resolutions.

"**Separate 2019A Bank Bond**" shall mean each portion of the 2019A Bonds that becomes a 2019A Bank Bond as a result of a purchase on a distinct Liquidity Provider Purchase Date.

"**S&P**" shall mean Standard & Poor's Global Ratings, a division of S&P Global, and its successors and assigns, and, if such business shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

"**SIFMA Index**" shall mean an index based upon the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established by the Securities Industry and Financial Markets Association and effective for a particular Rate Determination Date; *provided, however,* that if such index ceases to be published, it shall be replaced for the foregoing purposes by the most comparable published index designated by the Remarketing Agent or, in the absence of such designation, any other dealer bank or broker-dealer competent in such matters and chosen by the Authority.

"**Sinking Fund Installment**" means, as of any particular date of calculation, the amount required, as of such date of calculation, to be paid by the Authority on a future date for the retirement of Outstanding Obligations, which are stated to mature subsequent to such future date, but does not include any amount payable by the Authority by reason only of the maturity of such Obligations.

"Sinking Fund Payment Date" shall have the meaning set forth in the Forty-Seventh Supplemental Resolution.

"**Substitute Liquidity Facility**" shall mean any standby bond purchase agreement (other than the Liquidity Facility then in effect), revolving credit agreement, letter of credit, surety bond or other agreement or instrument under which any Person undertakes to make loans or provide funds to purchase 2019A Bonds upon the tender (or deemed tender) thereof for purchase and as to which the conditions set forth in the Forty-Seventh Supplemental Resolution shall be satisfied.

"**Substitution Date**" shall mean the Business Day on which the Authority (a) causes a new Credit Facility Issuer or Credit Facility Issuers to be substituted for one or more of the Credit Facility Issuers that is (or are) a party to the Credit Facility (if any) then in effect, (b) substitutes the Credit Facility (if any) then in effect with an Alternate Credit Facility, which Business Day shall be not later than the fifth Business Day immediately preceding the Facility Expiration Date for such Credit Facility then in effect, (c) causes a new Liquidity Provider or Liquidity Providers to be substituted for one or more of the Liquidity Providers that is (or are) a party to the Liquidity Facility then in effect or (d) substitutes the Liquidity Facility then in effect with a Substitute Liquidity Facility, which Business Day shall be not later than the fifth Business Day immediately preceding the Facility Expiration Date for such Liquidity Facility then in effect; any date specified as a Substitution Date in a notice of mandatory tender mailed to Owners of 2019A Bonds pursuant to the Forty-Seventh Supplemental Resolution shall be treated as a Substitution Date for purposes of the Forty-Seventh Supplemental Resolution even if the substitution of the new Credit Facility Issuer(s), the Alternate Credit Facility, the new Liquidity Provider(s) or the Substitute Liquidity Facility, as the case may be, fails to occur.

"**Tender Agency Agreement**" shall mean the Tender Agency Agreement to be entered into between the Authority and The Bank of New York Trust Company, N.A., as amended from time to time, or such other tender agency agreement(s) as may be entered into by the Authority from time to time in replacement thereof and that is (or are) designated by an Authorized Officer of the Authority as constituting a "Tender Agency Agreement" under the Forty-Seventh Supplemental Resolution at the time of the execution and delivery thereof.

"**Tender Agent**" shall mean each firm appointed by the Authority from time to time as the Tender Agent for the 2019A Bonds and that is party to a Tender Agency Agreement.

"**Term Mode**" shall mean the Interest Mode during which the 2019A Bonds bear interest at Term Rates.

"**Term Rate**" shall mean the interest rate applicable to the 2019A Bonds during the Term Mode, determined as provided in the Forty-Seventh Supplemental Resolution.

"**Forty-Seventh Supplemental Resolution**" shall mean the Forty-Seventh Series and Supplemental Resolution, supplemental to the Master Resolution, as from time to time amended or supplemented in accordance with the terms of the Forty-Seventh Supplemental Resolution and the terms of the Master Resolution.

"2019A Bank Bond" shall mean any 2019A Bond (or portion thereof or beneficial ownership interest therein) purchased by the Liquidity Provider(s) (or a nominee or nominees thereof) pursuant to the Forty-Seventh Supplemental Resolution; *provided, however,* that any such 2019A Bond shall cease to be a 2019A Bank Bond on the date on which such 2019A Bond shall be delivered to a purchaser identified by the Remarketing Agent (or, to the extent permitted by the Liquidity Facility, the date on which the Liquidity Provider(s) elect not to sell such 2019A Bond to a purchaser identified by the Remarketing Agent in accordance with the Forty-Seventh Supplemental Resolution).

"**2019A Bank Bond Purchase Date**" shall mean, with respect to each 2019A Bond purchased by the Liquidity Provider(s) (or any nominee or nominees thereof) pursuant to the Forty-Seventh Supplemental Resolution, the date of such purchase.

"**2019A Letter of Credit Proceeds Fund**" shall mean the fund by that name created and established pursuant to the Forty-Seventh Supplemental Resolution and held by the Trustee separate and apart from any funds, accounts or subaccounts under the Master Resolution and which shall not constitute a fund or an account for purposes of the Master Resolution.

"**2019A Bond Liquidity Proceeds Account**" shall mean the account by that name created and established in the 2019A Bond Purchase Fund in the Forty-Seventh Supplemental Resolution.

"**2019A Bond Purchase Fund**" shall mean the fund by that name created and established pursuant to the Forty-Seventh Supplemental Resolution and held by the Tender Agent separate and apart from any funds, accounts or subaccounts under the Master Resolution and which shall not constitute a fund or an account for purposes of the Master Resolution.

"**2019A Bond Rate**" shall mean the interest rate on 2019A Bonds, determined pursuant to the Forty-Seventh Supplemental Resolution, but shall not include the interest rate on any 2019A Bank Bonds.

"**2019A Bond Remarketing Proceeds Account**" shall mean the account by that name created and established in the 2019A Bond Purchase Fund in the Forty-Seventh Supplemental Resolution.

"**2019A Bonds**" shall mean the Obligations described as South Carolina Public Service Authority Variable Rate Revenue Obligations, 2019 Tax-Exempt Refunding Series A, authorized by the Forty-Seventh Supplemental Resolution to be issued pursuant to and subject to the terms, conditions and limitations of the Resolution.

"**Underwriter**" shall mean collectively BofA Securities, Inc. and Barclays Capital Inc., as the underwriters referred to in the Purchase Contract.

"**Untendered 2019A Bonds**" shall mean any 2019A Bond (or portion thereof): (a) for which notice of tender thereof on any Purchase Date is given in accordance with the Forty-Seventh Supplemental Resolution, but which is not tendered for purchase by the applicable time, on such Purchase Date, or (b) which is required to be but which is not tendered for purchase by 10:00 a.m., New York City time, on any Purchase Date determined pursuant to the Forty-Seventh Supplemental Resolution.

"**Term-Out Date**" shall mean a date which is 180 days after the Liquidity Provider Purchase Date (or, if the purchase was made due to a mandatory tender resulting from an event of default under a Liquidity Facility or a Credit Facility, on the date that is 180 days after the Liquidity Provider Purchase Date) applicable to such Separate 2019A Bank Bond.

"**Weekly Mode**" shall mean the Interest Mode during which the 2019A Bonds bear interest at Weekly Rates.

"**Weekly Rate**" shall mean the interest rate applicable to the 2019A Bonds during the Weekly Mode, determined as provided in the Forty-Seventh Supplemental Indenture.

(Section 1.01)

Security

The 2019A Bonds, the 2019A Bank Bonds and the Reimbursement Obligations (as such term is defined in the Reimbursement Agreement), shall be Obligations for all purposes of the Master Resolution. Both the 2019A Bank Bonds and the Reimbursement Obligations shall be secured on a parity with all other Obligations by a pledge of and lien on Revenues as provided by, and subject to the terms of, the Master Resolution. The lien and pledge securing Obligations issued pursuant to the Master Resolution and the payments into and from the Revenue Obligation Fund from the Revenue Fund are payable on a basis that is senior to the payments required to be made from or retained in the Revenue Fund to pay Operation and Maintenance Expenses, payments to be made under the Authority's Note Resolution and the payments into the Capital Improvement Fund established under the Master Resolution. Except as described in the preceding sentence relative to 2019A Bonds, 2019A Bank Bonds and Reimbursement Obligations, Bank Obligations (as such term is defined in the Reimbursement Agreement) and any other amounts payable under this Agreement and the Fee Letter shall constitute Operation and Maintenance Expenses payable from Revenues as provided in the Master Resolution. (Section 2.01(c))

Effect of Determinations

Each designation of an Interest Mode, each determination of the duration of an Interest Period, and each determination of an a Daily Rate, a Weekly Rate, a Flexible Rate, a Term Rate or a Fixed Rate shall be conclusive and binding upon (a) the Authority, (b) the Trustee, (c) the Tender Agent, the Remarketing Agent, the Agent Bank, the Liquidity Provider(s) (if any) and the Credit Facility Issuer(s) (if any) and (d) the Owners of the 2019A Bonds, and neither the Authority nor the Trustee nor the Tender Agent nor the Remarketing Agent shall have any liability to any such Person for any such determination, whether due to any error in judgment, failure to consider any information, opinion or other resource, or otherwise. (Section 3.05)

Drawings to Make Payments of Purchase Price

1. The Tender Agent shall present all drafts, demands and other documents and give such notices and do all such other acts as may be required by the Liquidity Facility (in the manner and to the extent therein permitted and by the time required thereby) to cause a draw on or request for funding prior to 11:00 a.m., New York City time, under, as applicable, the Liquidity Facility in an amount sufficient to purchase at the Purchase Price, on each Purchase Date, all 2019A Bonds (or portions thereof or beneficial ownership interests therein) (other than any 2019A Bonds registered in the name of or held for the benefit of the Authority) (i) that are required to be purchased pursuant to the Forty-Seventh Supplemental Resolution on such Purchase Date and (ii) for which the Purchase Price thereof has not been paid (as provided by the Forty-Seventh Supplemental Resolution or otherwise) or deposited in immediately available funds to the 2019A Bond Remarketing Proceeds Account in the 2019A Bond Purchase Fund from the proceeds of the remarketing of such 2019A Bonds by 10:45 a.m., New York City time, on such Purchase Date.

2. On each Purchase Date, the Tender Agent shall give notice to the Authority by telephone, promptly confirmed in writing (including by facsimile or other electronic means) specifying the Purchase Price of the 2019A Bonds to be purchased pursuant to or with funds drawn or claimed under the Liquidity Facility on such date. All funds drawn or claimed under the Liquidity Facility by the Tender Agent to pay the Purchase Price of 2019A Bonds shall be credited to the 2019A Bond Liquidity Proceeds Account in the 2019A Bond Purchase Fund and applied in accordance with the Forty-Seventh Supplemental Resolution. (Section 4.01)

Remarketing of 2019A Bank Bonds

1. With respect to each particular 2019A Bank Bond, the Remarketing Agent shall use its best efforts to remarket such 2019A Bank Bond at a price equal to the principal amount thereof plus, in the event the 2019A Bonds (other than 2019A Bank Bonds) are subject to an Interest Mode other than the Flexible Mode, accrued interest, if any, to

the date of such remarketing (computed in accordance with the provisions of subsection 3 below); *provided, however,* that the Remarketing Agent shall not remarket the 2019A Bank Bonds upon a mandatory tender due to the expiration of a Liquidity Facility or Credit Facility or default under a Liquidity Facility or, unless consented by the Agent Bank, due to a default under a Credit Facility.

2. In attempting to remarket any 2019A Bank Bond, the Remarketing Agent shall treat such 2019A Bank Bond for all purposes as if it were governed by the Interest Mode which governs the 2019A Bonds (other than 2019A Bank Bonds).

3. Unless otherwise provided in a Liquidity Facility, by becoming an Owner or beneficial owner of a 2019A Bank Bond, the Liquidity Provider(s) agree to transfer (or cause any nominee(s) or transferee(s) thereof-to transfer) such Bond to any Person to whom such Bond is remarketed by or through the Remarketing Agent, but only, however, against receipt of a purchase price therefor equal to the principal amount thereof plus, in the event the 2019A Bonds (other than 2019A Bank Bonds) are subject to an Interest Mode other than the Flexible Mode, accrued interest, if any, to the date of such remarketing, with such accrued interest being computed at the 2019A Bond Rate or Rates in effect for the period beginning on the later of (i) the Liquidity Provider Purchase Date with respect to such 2019A Bank Bond and (ii) the most recent Interest Payment Date relating to such 2019A Bank Bond on which interest accrued on such Bond has been paid in full and ending on the day preceding the day of such remarketing. If more than one 2019A Bank Bond shall be owned by the Liquidity Provider(s) (or any nominee(s) or transferee(s) thereof), the Tender Agent, in its sole discretion, shall select the particular 2019A Bank Bond(s) that are so remarketed. If a 2019A Bank Bond is transferred by the Liquidity Provider(s) (or any nominee(s) or transferee(s) thereof) in accordance with the second preceding sentence, the Authority agrees to pay to the Agent Bank, for the account of the Liquidity Provider(s), or to such transferee(s), as the case may be, on the date of such remarketing, the amount of interest, if any, resulting from the Bank Rate or Rates in effect from time to time during the period referred to in the second preceding sentence being in excess of such 2019A Bond Rate or Rates in effect during such period (said amount being referred to as the "Differential Interest Amount"). Any sale of a 2019A Bank Bond pursuant to this subsection 3 shall be without recourse to or warranty by the Agent Bank. In the event that the Liquidity Provider(s) is (or are) entitled (pursuant to its (or their) Liquidity Facility) to elect not to so transfer any such 2019A Bond, and the Liquidity Provider(s) so elect, the Tender Agent shall, upon notice thereof from the Agent Bank, promptly notify the Authority and the Remarketing Agent of such fact by telephone, promptly confirmed in writing (including by facsimile or other electronic means), and such 2019A Bond thereupon shall cease to be a 2019A Bank Bond.

4. In the event that the Remarketing Agent shall identify a purchaser for any 2019A Bank Bond pursuant to the provisions of subsection 1 above, the Remarketing Agent shall give notice thereof to the Tender Agent, which notice shall specify the principal amount of the 2019A Bank Bond(s) for which the Remarketing Agent has identified a purchaser and the purchase price thereof (which shall be the principal amount thereof plus, in the event the 2019A Bonds (other than 2019A Bank Bonds) are subject to an Interest Mode other than the Flexible Mode, accrued interest, if any, to the date of the proposed remarketing thereof (computed in accordance with the provisions of subsection 3 above). If such notice shall be given by 12:30 p.m., New York City time, on a Business Day, then the date of the giving of such notice shall be the date of such remarketing. if such notice shall be given after 12:30 p.m., New York City time, on a Business Day, then the next succeeding Business Day shall be the date of such remarketing. Promptly following the receipt of any such notice, the Tender Agent shall notify the Authority and the Agent Bank thereof by telephone, promptly confirmed in writing (including by facsimile or other electronic means), which notice shall specify the principal amount of the 2019A Bank Bond(s) for which the Remarketing Agent has identified a purchaser, and the purchase price thereof.

5. Except in a case where the Liquidity Provider(s) shall have elected not to sell any 2019A Bank Bond as permitted by subsection 3 above, by not later than 2:30 p.m., New York City time, on the remarketing date for any 2019A Bank Bond(s) for which the Remarketing Agent has identified a purchaser, in exchange for possession of such 2019A Bond(s), the Remarketing Agent shall deliver or cause to be paid, in immediately available funds, to the Tender Agent for deposit in the 2019A Bond Remarketing Proceeds Account, the purchase price for such 2019A Bank Bond(s). (Section 5.01)

2019A Bond Purchase Fund

There is created a fund to be held by the Tender Agent and known as the "2019A Bond Purchase Fund", consisting of a 2019A Bond Liquidity Proceeds Account and a 2019A Bond Remarketing Proceeds Account. The

2019A Bond Purchase Fund and the Accounts therein (a) shall constitute Eligible Accounts and (b) shall not constitute funds or accounts for purposes of the Master Resolution. In the event that the 2019A Bond Purchase Fund or any Account therein shall no longer comply with the requirements set forth in said definition of the term "Eligible Account," the Tender Agent promptly (and, in any case, within not more than 30 calendar days) shall move the 2019A Bond Purchase Fund and the Accounts therein to another financial institution such that such requirements again shall be satisfied. Amounts on deposit in the 2019A Bond Purchase Fund shall not be commingled with the amounts held in any fund or account under the Master Resolution. All amounts received by the Tender Agent from the Remarketing Agent representing the Purchase Price of 2019A Bonds remarketed by the Remarketing Agent shall be deposited in the 2019A Bond Remarketing Proceeds Account in the 2019A Bond Purchase Fund. All amounts received by the Tender Agent from the Agent Bank representing the proceeds of a drawing or request for funding, as the case may be, under the Liquidity Facility to pay the Purchase Price of 2019A Bonds tendered or deemed tendered for purchase shall be deposited in the 2019A Bond Liquidity Proceeds Account in the 2019A Bond Purchase Fund. All amounts on deposit in such Accounts in the 2019A Bond Purchase Fund shall be used only to pay the Purchase Price of the 2019A Bonds so remarketed (i) as provided in the Forty-Seventh Supplemental Resolution in the case of 2019A Bonds tendered for purchase and (ii) as provided in the Forty-Seventh Supplemental Resolution in the case of 2019A Bank Bonds being remarketed; *provided, however,* that in the event that there shall not be sufficient funds on deposit in the 2019A Bond Purchase Fund to purchase all 2019A Bonds subject to purchase on a particular date as a result of any Liquidity Provider failing to honor a properly presented and conforming drawing under the Liquidity Facility, the Tender Agent shall select the particular 2019A Bonds (or portions thereof or beneficial interests therein) to be so purchased at random in such manner as the Tender Agent in its discretion may deem fair and appropriate; and *provided, further*, that any funds on deposit in the 2019A Bond Liquidity Proceeds Account in the 2019A Bond Purchase Fund that will not be required to be applied to the purchase of 2019A Bonds tendered or deemed tendered for purchase shall be returned to the Agent Bank, in immediately available funds, by close of business of the Tender Agent, on the date on which such funds shall have been received by the Tender Agent (or such later time as may be specified in the Liquidity Facility). (Section 6.01)

Moneys Held in Trust

All moneys deposited in the 2019A Bond Purchase Fund shall be held in trust by the Tender Agent and applied only for the purposes set forth in, and in accordance with the provisions of, the Forty-Seventh Supplemental Resolution. The 2019A Bond Purchase Fund shall be a trust fund for such purposes. Amounts on deposit in the 2019A Bond Purchase Fund shall not be commingled with any other funds held by the Tender Agent, and all amounts on deposit in such Fund are pledged and assigned to the purchase of the 2019A Bonds in accordance with the terms of the Forty-Seventh Supplemental Resolution. Such amounts on deposit in the 2019A Bond Purchase Fund pledged and assigned by the Forty-Seventh Supplemental Resolution shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof. (Section 6.02)

No Investment

Amounts on deposit in the 2019A Bond Purchase Fund shall be held in cash, uninvested. (Section 6.03)

No Lien for Tender Agent

Notwithstanding anything in the Master Resolution or the Forty-Seventh Supplemental Resolution to the contrary, the Tender Agent shall not have any right to, or lien whatsoever upon, any of the amounts on deposit in the 2019A Bond Purchase Fund for the payment of fees, expenses or other compensation due and owing by the Authority to the Tender Agent for any services rendered under the Master Resolution or the Forty-Seventh Supplemental Resolution. (Section 6.04)

Application of Amounts in the 2019A Bond Purchase Fund

1. Notwithstanding any other provision of the Forty-Seventh Supplemental Resolution or of the Master Resolution, in the event that any drawing under a Letter of Credit to pay the principal or Redemption Price of, or interest on, the 2019A Bonds shall not be honored in the full amount so drawn by the time provided therein for the honoring of drawings thereunder, the Trustee immediately shall (a) notify the Authority as to the occurrence of such

circumstance and (b) apply amounts on deposit in the 2019A Bond Purchase Fund and available therefor to the payment of such principal or Redemption Price or interest.

2. On any day on which a drawing under a Letter of Credit to pay the principal or Redemption Price of, or interest on, the 2019A Bonds shall be honored by the Letter of Credit Issuer(s) of such Letter of Credit, the Trustee shall apply amounts on deposit in the 2019A Bond Purchase Fund and available to pay such principal or Redemption Price or interest to reimburse such Letter of Credit Issuer(s) for the amount of such drawing by the time and in the manner provided in the Reimbursement Agreement relating to such Letter of Credit, but only after the application of such amounts pursuant to subsection 1 above. (Section 7.05)

Authorization to Extend the Term of a Particular Liquidity Facility or Credit Facility

The President and Chief Executive Officer, any Executive Vice President or Senior Vice President, the Corporate Secretary, and the Treasurer of the Authority is authorized, from time to time, (1) to extend the term of a particular Liquidity Facility or Credit Facility for the 2019A Bonds, upon such terms and conditions as shall be determined by such Authorized Officer, to be advantageous to the Authority and commercially reasonable (which terms and conditions (including, without limitation, the amounts of the "commitment fee" and other fees payable by the Authority thereunder and the specification of the interest rates payable on loans or advances thereunder) may differ from the terms and conditions then in effect pursuant to such Liquidity Facility and/or Credit Facility then in effect), such determination to be confirmed in writing by the firm serving at that time as the Authority's financial advisor to the extent provided below.

In connection with any such extension of the term of a particular Liquidity Facility and/or Credit Facility, such Authorized Officer is further authorized to execute and deliver, on behalf of the Authority, such documents and instruments (including, without limitation, an amendment to such Liquidity Facility and/or Credit Facility) as shall be determined by such Authorized Officer, to be (a) necessary or desirable and advantageous to the Authority and (b) in commercially reasonable form; *provided, however,* that if any such extension shall be on terms and conditions different from the terms and conditions of such Liquidity Facility and/or Credit Facility as then in effect, then (a) such determination of such Authorized Officer, shall be confirmed in writing by the firm serving at that time as the Authority's financial advisor and (b) the form of each such document or instrument shall be approved by the Authority Attorney of the Authority or his designee as to form and legality prior to the execution thereof by such Authorized Officer. (Section 7.07)

Security for Reimbursement Drawings Under Letter of Credit to Pay Principal or Redemption Price of or Interest on 2019A Bonds

In the event that the principal or Redemption Price, if applicable, and interest due on any 2019A Bonds shall be paid with the proceeds of a drawing under a Letter of Credit, all covenants, agreements and other obligations of the Authority to the Owners of such 2019A Bonds shall continue to exist and the Letter of Credit Issuer(s) of such Letter of Credit shall be subrogated to the rights of such Owners. (Section 7.10)

Agreement of the Authority Concerning the Trustee, Paying Agent and Tender Agent

Notwithstanding any other provision of the Forty-Seventh Supplemental Resolution or the Master Resolution, in the event that a Letter of Credit is in effect with respect to the 2019A Bonds, the Authority covenants and agrees that the same entity shall hold the positions of Trustee and Paying Agent for the 2019A Bonds and, if the 2019A Bonds shall be in an Interest Mode other than the Fixed Mode, Tender Agent. (Section 7.11)

2019A Letter of Credit Proceeds Fund

There is created a fund to be held by the Trustee for the benefit of the Owners of the 2019A Bonds and known as the "2019A Letter of Credit Proceeds Fund". The 2019A Letter of Credit Proceeds Fund (a) shall at all times constitute an Eligible Account and (b) shall not constitute a fund or account for purposes of the Forty-Seventh Supplemental Resolution or the Master Resolution. Amounts on deposit in the 2019A Letter of Credit Proceeds Fund shall not be commingled with the amounts held in any fund or account under the Forty-Seventh Supplemental Resolution or the Master Resolution. All amounts received by the Trustee from the issuer(s) of a Letter of Credit representing the proceeds of a drawing on or request for funding under, as the case may be, such Letter of Credit to pay

principal or Redemption Price of or interest on 2019A Bonds shall be deposited in the 2019A Letter of Credit Proceeds Fund. All amounts on deposit in the 2019A Letter of Credit Proceeds Fund shall be used only to pay the principal or Redemption Price of or interest on the 2019A Bonds (other than 2019A Bank Bonds and 2019A Bonds held by or for the account of the Authority) when due. (Section 8.01)

Moneys Held in Trust

All moneys deposited in the 2019A Letter of Credit Proceeds Fund shall be held in trust by the Trustee and applied only for the purposes set forth in, and in accordance with the provisions of, the Forty-Seventh Supplemental Resolution. The 2019A Letter of Credit Proceeds Fund shall be a trust fund for such purposes. Amounts on deposit in the 2019A Letter of Credit Proceeds Fund shall not be commingled with any other funds held by the Trustee, and all amounts on deposit in such Fund are pledged and assigned to the payment of the principal or Redemption Price of and interest on the 2019A Bonds when due in accordance with the terms of the Forty-Seventh Supplemental Resolution. Such amounts on deposit in the 2019A Letter of Credit Proceeds Fund pledged and assigned by the Forty-Seventh Supplemental Resolution shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof. (Section 8.02)

No Investment

Amounts on deposit in the 2019A Letter of Credit Proceeds Fund shall be held in cash, uninvested. (Section 8.03)

No Lien for Trustee

Notwithstanding anything in the Resolution or the Forty-Seventh Supplemental Resolution to the contrary, the Trustee shall not have any right to, or lien whatsoever upon, any of the amounts on deposit in the 2019A Letter of Credit Proceeds Fund for the payment of fees, expenses or other compensation due and owing by the Authority to the Trustee for any services rendered under the Master Resolution or the Forty-Seventh Supplemental Resolution. (Section 8.04)

Tender Agent

1. The Bank of New York Mellon Trust Company, N.A. is appointed as the initial Tender Agent for the 2019A Bonds. The Tender Agent shall accept the duties and obligations thereof by execution and delivery of a written instrument of acceptance delivered to the other Notice Parties.

2. The Tender Agent agrees to:

(a) hold all 2019A Bonds (or beneficial ownership interests therein) properly tendered to it for purchase as agent and bailee of, and in escrow for the benefit of, the respective Persons which shall have so tendered such 2019A Bonds (or beneficial ownership interests therein) until moneys representing the Purchase Price of such 2019A Bonds (or beneficial ownership interests therein) shall have been delivered to or for the account of or to the order of such Persons;

(b) hold all 2019A Bank Bonds (or beneficial ownership interests therein) as agent and bailee of, and in escrow for the benefit of, the Liquidity Provider(s) or any assignee(s) or transferee(s) thereof;

(c) hold all moneys delivered to it under the Forty-Seventh Supplemental Resolution for the purchase of 2019A Bonds (or beneficial ownership interests therein) as agent and bailee of, and in escrow for the benefit of, the respective Persons which shall have so delivered such moneys, until the 2019A Bonds (or beneficial ownership interests therein) purchased with such moneys shall have been delivered to or for the account of such Persons;

(d) keep such books and records as shall be consistent with prudent industry practice and make such books and records available for inspection by the other Notice Parties at all reasonable times;

(e) provide to the Trustee as soon as practicable after each Record Date prior to the 2019A Bonds being in the Fixed Mode, but in no case later than 10:00 a.m., New York City time, on the applicable Interest Payment Date, a list of the names and addresses of the Owners of the 2019A Bonds as of such Record Date;

(f) provide to the Trustee as soon as practicable after the Mode Adjustment Date in connection with a conversion of the 2019A Bonds to the Fixed Mode, the books of registry of the Authority containing the names and addresses of the Owners of 2019A Bonds as of such Mode Adjustment Date; and

(g) give notices as required under the Forty-Seventh Supplemental Resolution at the times and in the manner specified in the Forty-Seventh Supplemental Resolution.

3. Each Tender Agent (other than the initial Tender Agent appointed under the Forty-Seventh Supplemental Resolution) shall be a bank having corporate trust powers or a trust company organized under the laws of any state of the United States or a national banking association having corporate trust powers, having capital and surplus aggregating at least $25,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Forty-Seventh Supplemental Resolution. In the event that the 2019A Bonds no longer shall be a Book-Entry Only 2019A Bond, the Tender Agent shall maintain an office or agency in New York, New York at which its duties under the Forty-Seventh Supplemental Resolution are to be performed. The Tender Agent may at any time resign and he discharged of the duties and obligations created by the Forty-Seventh Supplemental Resolution by giving at least thirty (30) days' notice to the other Notice Parties. The Tender Agent may be removed at any time by the Authority upon at least seven (7) days' notice to the other Notice Parties and the Owners of the 2019A Bonds, other than 2019A Bonds then in the Fixed Mode. Prior to the 2019A Bonds being converted to the Fixed Mode, no such resignation or removal shall take effect until the appointment of, and the acceptance of such appointment by, a successor Tender Agent which acceptance shall be evidenced by the execution and delivery by such successor of a Tender Agency Agreement. Successor Tender Agents may be appointed from time to time by the Authority with the written approval of the Agent Bank (if any). Upon the resignation or removal of the Tender Agent, the Tender Agent shall deliver any 2019A Bonds (or beneficial ownership interests therein) and moneys, Liquidity Facilities and other records held by it in such capacity to its successor. (Section 10.01)

Remarketing Agent

1. BofA Securities, Inc. is appointed as the initial Remarketing Agent for the 2019A Bonds.

2. Notwithstanding any other provision of the Master Resolution or the Forty-Seventh Supplemental Resolution, the Authority may determine to appoint multiple Remarketing Agents for the 2019A Bonds. In such event, the Authority shall take such actions (including, without limitation, obtaining such additional CUSIP number(s) for the 2019A Bonds) as shall be necessary to identify separately the 2019A Bonds (or beneficial ownership interests therein) to be remarketed by each such Remarketing Agent, and for which each such Remarketing Agent shall be responsible for determining the 2019A Bond Rate. In the event multiple Remarketing Agents shall be appointed as aforesaid (a) any reference in the Forty-Seventh Supplemental Resolution to "the Remarketing Agent" shall be deemed to refer to the appropriate Remarketing Agent, or all such Remarketing Agents, as the context may require and (b) any reference in the Forty-Seventh Supplemental Resolution to "the Remarketing Agreement" shall be deemed to refer to the Remarketing Agreement to which the appropriate Remarketing Agent is a party, or all such Remarketing Agreements, as the context may require.

3. Each Remarketing Agent shall be a member of the National Association of Securities Dealers, Inc., having a capitalization of at least $50,000,000 and be authorized by law to perform all the duties imposed upon it by the Forty-Seventh Supplemental Resolution. Any Remarketing Agent may at any time resign and be discharged of the duties and obligations created by the Forty-Seventh Supplemental Resolution by giving such number of days' written notice to the other Notice Parties as shall be provided in the Remarketing Agreement relating to it and complying with such other conditions to such resignation as may be provided in such Remarketing Agreement. Any Remarketing Agent may be removed at any time by the Authority upon such number of days' written notice to the other Notice Parties as shall be provided in the applicable Remarketing Agreement. Prior to the 2019A Bonds being converted to the Fixed Mode, no such removal shall be effective until a successor Remarketing Agent shall have been appointed and shall have accepted such appointment. A successor Remarketing Agent may be appointed from time to time by the Authority with the prior written approval of the Agent Bank.

4. If a Remarketing Agent resigns or is removed, such Remarketing Agent shall pay over, assign and deliver any moneys and 2019A Bonds (or beneficial ownership interests therein) held by it in such capacity, other than 2019A Bonds (or beneficial ownership interests therein) held for its own account, to its successor. Upon any change in a Remarketing Agent, the Authority shall furnish to each Rating Agency the notice provided for in the Forty-Seventh Supplemental Resolution, but the failure to provide such notice shall not affect the validity of any change in a Remarketing Agent. (Section 10.02)

Dealings in 2019A Bonds

The Trustee, the Tender Agent, any Liquidity Provider, any Credit Facility Provider and the Remarketing Agent, and their officers, directors, employees and agents, may in good faith buy, sell, own, hold and deal in any of the 2019A Bonds (or beneficial ownership interests therein) and may join in any action which any Owner of the 2019A Bonds may be entitled to take, with like effect as if it did not act in any capacity under the Forty-Seventh Supplemental Resolution. The Trustee, the Tender Agent, any Liquidity Provider, any Credit Facility Issuer and the Remarketing Agent may in good faith hold any other form of indebtedness of the Authority, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the Authority, and make disbursements for the Authority and enter into any commercial or business arrangement therewith. (Section 10.03)

Amendments to the Forty-Seventh Supplemental Resolution or the Master Resolution

1. The Forty-Seventh Supplemental Resolution may be amended, at any time or from time to time, without the consent of the Owners of the Outstanding 2019A Bonds or the Owners of 2019A Bonds Outstanding under the Master Resolution but with the written consent of the Agent Bank (if any), (i) for the purpose of making changes in the provisions of the Forty-Seventh Supplemental Resolution relating to the characteristics and operational provisions of the Interest Modes, (ii) to amend the provisions of the Forty-Seventh Supplemental Resolution relating to the mandatory redemption of 2019A Bank Bonds, as provided in the Forty-Seventh Supplemental Resolution, (iii) in order to provide for and accommodate Substitute Liquidity Facilities as permitted by the Forty-Seventh Supplemental Resolution and (iv) in order to provide for and accommodate Alternate Credit Facilities as permitted by the Forty-Seventh Supplemental Resolution. Each such amendment shall become effective on the Rate Adjustment Date next following the filing of a copy thereof with the Trustee, the Agent Bank, the Tender Agent (if any), and the Remarketing Agent (if any), together with an Opinion of Bond Counsel with respect to such amendment, which opinion shall state, in addition, that such amendments are authorized or permitted by the Resolution and will not cause the interest on the 2019A Bonds to become includable in gross income for federal income tax purposes. In addition, (a) in the case of amendments pursuant to clause (iii) of the first sentence of this subsection, no such amendment shall be effective until the date on which such Substitute Liquidity Facility becomes effective with respect to the 2019A Bonds and (b) in the case of amendments pursuant to clause (iv) of the first sentence of this subsection, no such amendment shall be effective until the date on which such Alternate Credit Facility becomes effective with respect to the 2019A Bonds.

2. In the event that the Authority shall adopt any Supplemental Resolution making any amendment to the Forty-Seventh Supplemental Resolution or to the Master Resolution for which the consent of the Owners of the 2019A Bonds shall be required, the consent of the Agent Bank, if any, shall be required and an Authorized Officer of the Authority may deliver to the Tender Agent an Officer's Certificate in accordance with the provisions of the Forty-Seventh Supplemental Resolution requiring that the 2019A Bonds be subject to mandatory tender for purchase in connection with amendments to the Forty-Seventh Supplemental Resolution or the Master Resolution. Following the date on which such mandatory tender shall occur, all subsequent Owners of the 2019A Bonds shall be deemed to have consented to such Supplemental Resolution, notwithstanding anything to the contrary contained in the Master Resolution or the Forty-Seventh Supplemental Resolution. (Section 11.01)

Resignation or Removal of the Trustee

For so long as any 2019A Bonds shall remain Outstanding, the Authority and the Trustee agree as follows, for the benefit of the Owners and beneficial owners of the 2019A Bonds:

(a) Notwithstanding the provisions of the Master Resolution, the Trustee shall not resign pursuant to the Master Resolution unless the effectiveness of such resignation is conditioned upon (i) the appointment of a successor and (ii) the acceptance of such appointment by such successor.

(b) Notwithstanding the provisions of the Master Resolution, the Authority shall not exercise its right to remove the Trustee pursuant to the Master Resolution unless the effectiveness of such removal is conditioned upon (i) the appointment of a successor and (ii) the acceptance of such appointment by such successor.

(c) Upon the resignation or removal of the Trustee, the Trustee shall deliver any 2019A Bonds (or beneficial ownership interests therein) and moneys, Liquidity Facilities and other records held by it in such capacity to its successor. (Section 11.02)

Tax Covenant

The Authority covenants that, in order to maintain the exclusion from gross income for Federal income tax purposes of the interest on the 2019A Bonds, the Authority will satisfy, or take such actions as are necessary to cause to be satisfied, each provision of the Code necessary to maintain such exclusion. In furtherance of this covenant, the Authority agrees to comply with such written instructions as may be provided by Bond Counsel. In furtherance of the covenant contained in the preceding sentence, the Authority agrees to continually comply with the provisions of any "Arbitrage and Use of Proceeds Certificate" or "Tax Certificate" to be executed by the Authority in connection with the execution and delivery of the 2019 Bonds, as amended from time to time (the "Tax Certificate").

Notwithstanding any other provision of the Resolution to the contrary, upon the Authority's failure to observe, or refusal to comply with, the covenants set forth in this section, the Owners, or the Trustee acting on their behalf, shall be entitled only to the right of specific performance of such covenant, and shall not be entitled to any other rights and remedies provided under Article X of the Master Resolution. (Section 11.04)

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

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APPENDIX C

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the 2019A Bonds. The 2019A Bonds will be issued initially as fully-registered 2019A Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond will be issued for each maturity of 2019A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

Beneficial ownership interests in the 2019A Bonds will be available only in book-entry form. Beneficial Owners of the 2019A Bonds ("Beneficial Owners") will not receive physical bond certificates representing their interests in the 2019A Bonds purchased. So long as DTC or its nominee is the registered owner of the 2019A Bonds, references in this Official Statement to the Owners of the 2019A Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners.

THE FOLLOWING DESCRIPTION OF DTC, ITS PROCEDURES AND RECORD KEEPING ON BENEFICIAL OWNERSHIP INTERESTS IN THE 2019A BONDS, PAYMENT OF INTEREST AND OTHER PAYMENTS ON THE 2019A BONDS TO DTC PARTICIPANTS (AS HEREIN DEFINED) OR TO BENEFICIAL OWNERS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE 2019A BONDS AND OF OTHER TRANSACTIONS BY AND BETWEEN DTC, DTC PARTICIPANTS AND BENEFICIAL OWNERS IS BASED ON INFORMATION FURNISHED BY DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (*"Direct Participants"*) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of certificated 2019A Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (*"DTCC"*). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2019A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019A Bonds on DTC's records. The ownership interest of each actual purchaser of the 2019A Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing

details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of beneficial ownership interests in the 2019A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2019A Bonds, except in the event that use of the book-entry only system for the 2019A Bonds is discontinued.

To facilitate subsequent transfers, all of the 2019A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the 2019A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019A Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2019A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2019A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2019A Bond documents. For example, Beneficial Owners of the 2019A Bonds may wish to ascertain that the nominee holding the 2019A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2019A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2019A Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2019A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an omnibus proxy to the Registrar as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting and voting rights to those Direct Participants to whose accounts the 2019A Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, principal, and interest payments on the 2019A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Registrar or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the Paying Agent's responsibility, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants. THE AUTHORITY CAN GIVE NO ASSURANCE THAT DIRECT AND

INDIRECT PARTICIPANTS WILL PROMPTLY TRANSFER PAYMENTS TO BENEFICIAL OWNERS.

A Beneficial Owner shall give notice to elect to have its 2019A Bonds purchased or tendered, through its Participant, to the Registrar and Paying Agent, and shall effect delivery of such 2019A Bonds by causing the Direct Participant to transfer the Participant's interest in the 2019A Bonds, on DTC's records, to the Registrar and Paying Agent. The requirement for physical delivery of the 2019A Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2019A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2019A Bonds to the Registrar and Paying Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the 2019A Bonds any time by giving reasonable notice to the Authority or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, 2019A Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In such event, 2019A Bond certificates will be printed and delivered.

THE AUTHORITY AND THE REGISTRAR AND PAYING AGENT HAVE NO RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, OR THE MAINTENANCE OF ANY RECORDS; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE 2019A BONDS, OR THE SENDING OF ANY TRANSACTION STATEMENTS; (3) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE RESOLUTION AUTHORIZING THE ISSUANCE OF SUCH 2019A BONDS TO BE GIVEN TO OWNERS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENTS UPON ANY PARTIAL REDEMPTION OF THE 2019A BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE 2019A BONDS, INCLUDING ANY ACTION TAKEN PURSUANT TO AN OMNIBUS PROXY.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY BELIEVES TO BE RELIABLE, BUT THE AUTHORITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

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APPENDIX D

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION

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APPENDIX D

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION

State of South Carolina Economy

The Authority's customers and energy sales are supported by the general economic activity and demographic makeup of South Carolina. This section presents information regarding certain economic and demographic information about the State. This data is intended only to provide prospective investors with general information regarding the State's economy. The information as obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. Although the Authority considers the sources to be reliable, the Authority has made no independent verification of the information provided by non-Authority sources and does not warrant its accuracy.

The 2019A Bonds and other indebtedness of the Authority are not indebtedness of the State, nor any political subdivision thereof, and neither the State not any political subdivision thereof shall be liable thereon, nor shall they be payable from any funds other than the Revenues of the Authority pledged to the payment thereof.

In 2017, principal contributors to the State's gross domestic product were manufacturing (16.4%) and financial activities (16.2%), followed by government (15.1%). During the years 2012-2017, the fastest growing contributors to the State's gross domestic product were mining (13.7% average annual growth rate), information (10.9%), and construction (5.7%). The State's total gross domestic product grew at an average annual growth rate of 2.6% versus 1.8% for southeastern states, and 2.2% for the nation from 2012-2017. The table below provides the State's Real Gross Domestic Product for years 2012 through 2017. The State's Real Gross Domestic Product for 2018 is expected to be released on November 7, 2019.

	Total GDP ($ in millions)
2012:	$175,375
2013:	$178,940
2014:	$183,282
2015:	$189,263
2016:	$194,270
2017:	$199,329

Source: *U.S. Department of Commerce, Bureau of Economic Analysis.*

Personal Income. In 2018, the State's per capita personal income increased to $42,736 or 2.6% over 2017, compared to increases of 3.6% for the Southeast and 3.8% for the nation. The State's per capita personal income in 2018 was 79.6% of the national per capita personal income (compared to 80.5% in 2017) and 91.3% of the Southeast (compared to 92.1% in 2017). The following table sets forth information on personal income (expressed in millions) for the State since 2008.

Year	Total Personal Income	Per Capita Personal Income
2008	$149,236	$32,951
2009	145,609	31,724
2010	150,452	32,455
2011	159,091	34,056
2012	167,539	35,517
2013	169,974	35,678
2014	181,108	37,545
2015	192,880	39,425
2016	199,942	40,325
2017	209,180	41,659
2018	217,276	42,736

Source: *U.S. Department of Commerce, Bureau of Economic Analysis.*

Population. The State's population estimate in 2018 was 5.08 million, or 1.3% over 2017, compared to increases of 0.9% for the Southeast and 0.6% for the nation. The table below shows the resident population (expressed in thousands) of the State since 2008.

Year	Population (as of July 1)
2008	4,529
2009	4,590
2010	4,636
2011	4,671
2012	4,717
2013	4,764
2014	4,824
2015	4,892
2016	4,958
2017	5,021
2018	5,084

Source: *U.S. Census Bureau.*

Employment. Over the 2008-2018 period, the compounded annual employment growth rate in South Carolina was higher than in the South Atlantic and in the nation. The table below shows the level of employment in South Carolina, the Sought Atlantic and the United States.

	Employment (in thousands)		Compounded Annual Growth
	2008	2018	2008-2018
South Carolina	1,996	2,244	1.17%
South Atlantic	27,847	30,670	0.97%
United States	145,362	32,455	0.69%

Source: *U.S. Department of Commerce, Bureau of Labor Statistics.*

The State's nonagricultural employment increased 2.4% from 2017 to 2018. The trade, transportation and utilities sector was the largest employment sector in South Carolina in 2018, accounting for 18.9% of the State's nonagricultural employment, as compared to 19.1% and 19.4% in 2013 and 2008. Strongest job growth during the 2013 to 2018 period occurred in construction (21,500, 4.8%), professional and business services (50,700, 3.9%), leisure and hospitality (37,500, 3.2%) and mining and logging (600, 3.0%). The table below shows the State's nonagricultural wage and salary employment for years 2008, 2013 and 2018.

	All Employees (in thousands)		
	2008	2013	2018
Total nonagricultural employment	1,926.3	1,901.0	2,145.3

Source: *U.S. Department of Labor, Bureau of Labor Statistics*.

In August 2019, the State's non-seasonally adjusted employment level reached 2,322,508 people employed. From August 2018 to August 2019, South Carolina's economy has added 31,900 seasonally adjusted, nonagricultural jobs. Industries reporting employment increases were construction (+1,800); government (+1,600); education and health (+1,500); and professional and business Services (+800). Decreases were noticed in the manufacturing (- 1,700); trade, transportation, and utilities (-900); financial activities (-700); and other services (-100) industries. Information and leisure, and hospitality showed no movement.

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The State's non-seasonally unemployment rate was 2.9% in August 2019. The table below shows the State's unemployment rate since 2008.

Unemployment Year	Rate
2008	6.8%
2009	11.2%
2010	11.2%
2011	10.6%
2012	9.2%
2013	7.6%
2014	6.5%
2015	6.0%
2016	5.0%
2017	4.3%
2018	3.4%

Source: *U.S. Department of Labor, Bureau of Labor Statistics.*

Customer Growth Initiatives

The Authority's business growth initiatives revolve around four strategic initiatives – marketing, product development, project management and competitive rates. The Authority is marketing to industrial and commercial properties that are served directly by the Authority and its cooperative and municipal customers. Product development activities include the creation and/or improvement of industrial properties, the acquisition of property, expansion of infrastructure into industrial properties, and/or constructing buildings for industrial uses. Since June 2012, the Authority has invested over $106 million throughout South Carolina in product development through a low-interest revolving loan pool to public entities. In addition, the Authority also utilizes two additional funds to further improve the readiness of industrial sites in cooperative and municipal customers' territories, which have committed more than $42.8 million in local site investment since 2014.

On September 25, 2015, Swedish automaker Volvo broke ground on its first plant in the United States in Berkeley County, South Carolina. Volvo began production in 2018 and recently announced a $520 million expansion with a second line that is scheduled to begin production in 2021 and add approximately 1,900 new jobs. The plant is the production home of the all new S60 mid-size sedan, and it will produce the next generation XC90 sport utility vehicle around 2022. With the two car lines, the plant will have the capacity to produce up to 150,000 cars annually. The Authority worked with the State, Berkeley County and the electric cooperatives to recruit Volvo to this site. Water for the plant comes from the Authority's Lake Moultrie Regional Water System via Berkeley County Water and Sanitation and Edisto Electric Cooperative, one of the Central Cooperatives, delivers electric power to the plant. The Authority owns approximately 3,900 acres adjacent to the Volvo site. The Authority has master planned this property named Camp Hall to be a world class industrial park to serve Volvo suppliers and other industries.

The Authority's grant and loan programs have also facilitated the location of other recent notable projects around the State. A few of these projects are; Samsung in Newberry County with $350 million in capital investment, 950 jobs and 30 MW of electric load, Dillon County Harbor Freight expansion creating 500 new jobs bringing capital investment of $200 million coupled with the State's second inland port, Inland Port Dillon, adding logistical diversity to the Pee Dee region serving as a catalyst for future economic development, and DHL Supply Chain investing $100 million and creating 450 new jobs in Dorchester County.

On September 9, 2019, the Authority presented its 2019 Business Forecast. The forecast features an innovative and significantly greener resource mix, strategic financial transactions that will use approximately $925 million of internal funds in the next two years to pay down nuclear debt, partnerships with neighboring utilities to reduce costs and generate operating efficiencies, and a broad set of other initiatives that will preserve reliability, reduce the Authority's costs and carbon emissions, and accelerate the rollout of new customer service technologies.

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APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

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APPENDIX E

FORM OF APPROVING OPINION OF BOND COUNSEL

Upon delivery of the 2019A Bonds in definitive form, Nixon Peabody LLP, New York, New York, Bond Counsel to the Authority, proposes to render its final approving opinion in substantially the following form:

[Date of Delivery]

Board of Directors
South Carolina Public Service Authority
One Riverwood Drive
Moncks Corner, South Carolina 29461

Ladies and Gentlemen:

We have examined a certified record of proceedings of the South Carolina Public Service Authority (the "Authority") and other proofs submitted to us relative to the issuance of $163,005,000 aggregate principal amount of Variable Rate Revenue Obligations, 2019 Tax-Exempt Refunding Series A (the "2019A Bonds").

All terms defined in the Revenue Obligation Resolution (hereinafter defined) and used herein shall have the meanings assigned in the Revenue Obligation Resolution, except where the context hereof requires otherwise.

The 2019A Bonds recite that they are issued for valid corporate purposes of the Authority under the authority of and in full compliance with the Constitution and Statutes of the State of South Carolina (the "State"), including Title 58, Chapter 31, Code of Laws of South Carolina 1976, as amended to the date of this opinion letter (the "Act"), and under and pursuant to proceedings of the Board of Directors of the Authority duly taken, including a resolution adopted by the Board of Directors of the Authority on April 26, 1999 entitled "Resolution of the Board of Directors of South Carolina Establishing the General Terms and Conditions Upon Which Its Revenue Obligations May Be Issues For Corporate Purposes Of The Authority" (as supplemented and amended from time to time, the "Revenue Obligation Resolution"). All capitalized terms used herein and not defined shall have the meaning ascribed to such terms in the Revenue Obligation Resolution.

The 2019A Bonds are dated, mature and are payable and bear interest all as provided in the Revenue Obligation Resolution. The Authority reserves the right to issue additional Obligations on the terms and conditions and for the purposes stated in the Revenue Obligation Resolution. Under the provisions of the Revenue Obligation Resolution, such additional Obligations will rank equally as to security and payment with the 2019A Bonds and with Authority's currently Outstanding Obligations.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the 2019A Bonds in order that interest on the 2019A Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the 2019A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Revenue Obligation Resolution and the Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code of 1986 (the "Tax Certificate") the Authority has covenanted to maintain the exclusion of the interest on the 2019A Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code. In addition, the Authority has made certain representations and certifications in the Revenue Obligation Resolution and the Tax Certificate. We have not independently verified the accuracy of those certifications and representations.

A portion of the proceeds of the 2019A Bonds is being used to refund certain of the Outstanding Obligations of the Authority issued pursuant to the Revenue Obligation Resolution. Such bonds are as described in the hereinafter defined Escrow Agreement as being refunded with the proceeds of the 2019A Bonds (the "Refunded Bonds"). A portion of the proceeds of the 2019A Bonds, together with any other amounts made available by the Authority (the "Defeasance Deposit"), will be used to pay when due the principal or applicable redemption price and

interest due and to become due on said Refunded Bonds (the "Defeasance Requirement"). Such Defeasance Deposit is being held in trust under the escrow agreement, dated the date of closing (the "Escrow Agreement"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as escrow agent thereunder and as Trustee under the Revenue Obligation Resolution. The Authority has given the Trustee, in form satisfactory to it, irrevocable instructions to give notice in accordance with the Revenue Obligation Resolution of the redemption of the Refunded Bonds and the deposit of the Defeasance Deposit. Samuel Klein and Company has prepared a report stating that it has reviewed the accuracy of the mathematical computations of the adequacy of the Defeasance Deposit, as invested, to pay in full the Defeasance Requirement when due. We have undertaken no independent verification of the adequacy of the Defeasance Deposit.

We have also examined one of said 2019A Bonds as executed and, in our opinion, the form of said 2019A Bond and its execution are regular and proper.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof we are of the opinion that:

1. The 2019A Bonds have been authorized and issued in accordance with the Constitution and Statutes of the State and constitute valid and legally binding special obligations of the Authority payable solely from and secured by a lien upon and pledge of the Revenue Fund and the revenues of the Authority's System and other monies paid into the Revenue Fund (collectively, the "Revenues"), all as set forth and provided in the Revenue Obligation Resolution, and are entitled, together with all other Obligations issued under the Revenue Obligation Resolution, to the benefits of the Revenue Obligation Resolution and the Act.

2. The Escrow Agreement has been duly authorized, executed and delivered by the Authority and, assuming the due authorization, execution and delivery by the Trustee, the Escrow Agreement is a valid and binding obligation of the Authority, enforceable in accordance with its terms. The Refunded Bonds have been paid within the meaning and with the effect expressed in the Revenue Obligation Resolution, and the covenants, agreements and other obligations of the Authority to the holders of the Refunded Bonds have been discharged and satisfied.

3. Under existing law, assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the 2019A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

4. The 2019A Bonds and the interest thereon (including any original issue discount properly allocable to an owner thereof) are exempt from all state, county, school district, municipal, and all other taxes or assessments of the State, except inheritance, estate, transfer or certain franchise taxes

The opinions expressed in paragraphs 1 and 2 above are subject to applicable bankruptcy, insolvency, receivership, reorganization, arrangements, fraudulent conveyances, moratorium and other laws heretofore or hereafter enacted affecting creditors' rights and are subject to the application of principles of equity relating to or affecting the enforcement of contractual obligations, whether such enforcement is considered in a proceeding in equity or at law.

Except as stated in paragraphs 3 and 4, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

We express no opinion as to the accuracy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the 2019A Bonds. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the 2019A Bonds and express no opinion with respect thereto.

This opinion letter is rendered solely with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations or other material of any kind not specifically opined on above. No other opinions are intended nor should they be inferred. This opinion letter is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion letter to reflect any future actions, facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any reason whatsoever.

Very truly yours,

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APPENDIX F

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered as of the ___ day of November, 2019, by and between SOUTH CAROLINA PUBLIC SERVICE AUTHORITY (the "Authority"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. (the "Obligation Fund Trustee"), in connection with the issuance by the Authority of its Variable Rate Revenue Obligations, 2019 Tax-Exempt Refunding Series A (the "2019A Bonds"), pursuant to a resolution adopted by the Board of Directors of the Authority on April 26, 1999 (as supplemented and amended from time to time, the "Revenue Obligation Resolution"). The Authority and the Obligation Fund Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority and the Obligation Fund Trustee for the benefit of the Holders and Beneficial Owners of the 2019A Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Revenue Obligation Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2019A Bonds (including persons holding 2019A Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2019A Bonds for federal income tax purposes.

"Disclosure Representative" shall mean the Treasurer of the Authority or his or her designee, or such other officer or employee as the Authority shall designate in writing to the Obligation Fund Trustee from time to time.

"Dissemination Agent" shall mean any Dissemination Agent designated in writing by the Authority and which has filed with the Obligation Fund Trustee a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"National Repository" shall mean the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org, or any successor National Repository as determined by the Securities and Exchange Commission.

"Participating Underwriter" shall mean BofA Securities, Inc., Barclays Capital Inc. and American Veterans Group, PBC, which are the original underwriters of the 2019A Bonds required to comply with the Rule in connection with offering of the 2019A Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as in effect as of the date hereof.

"State" shall mean the State of South Carolina.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purposes of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of execution of this Disclosure Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Authority shall provide, or shall cause the Dissemination Agent to provide, not later than six months after the end of the Authority's fiscal year (presently December 31), commencing with the fiscal year ending December 31, 2019, to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Authority's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5 of this Disclosure Agreement.

(b) Not later than fifteen Business Days prior to the date specified in subsection (a) for providing the Annual Report to Repositories, the Authority shall provide the Annual Report to any Dissemination Agent and the Obligation Fund Trustee (if the Obligation Fund Trustee is not the Dissemination Agent). If by such date, the Obligation Fund Trustee has not received a copy of the Annual Report, the Obligation Fund Trustee shall contact the Authority and any Dissemination Agent to determine if the Authority is in compliance with the provisions of subsection (a) above.

(c) If the Obligation Fund Trustee is unable to verify that an Annual Report has been provided to Repositories by the date required in subsection (a), the Obligation Fund Trustee shall send a notice to the National Repository and to the State Repository, if any, in substantially the form attached as Exhibit A.

(d) Any Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the National Repository and the State Repository, if any; and

(ii) file a report with the Authority and (if the Dissemination Agent is not the Obligation Fund Trustee) the Obligation Fund Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Authority's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Authority for the prior fiscal year, prepared substantially in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, or such other accounting principles as the Authority may be required to employ from time to time pursuant to state law or regulation. If the Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) of this Disclosure Agreement, the Annual Report shall contain unaudited financial statements in a format similar to the audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report within fifteen days after they become available.

(b) To the extent such items are not included in the audited financial statements referred to in subsection (a) above, the financial and statistical data of the Authority as of a date not earlier than the end of the preceding fiscal year for the type of information included in the tables entitled "DEBT SERVICE REQUIREMENTS," "HISTORICAL SALES - Historical Demand, Sales and Revenues," and "FINANCIAL INFORMATION - Historical Operating Results" contained in the Official Statement of the Authority dated November 6, 2019, prepared in connection with the issuance of the 2019A Bonds (the "Official Statement"), as well as information of the type contained in the Official Statement concerning: (A) the percentage of revenues from sales to (i) Central Electric Power Cooperative Inc., (ii) Century Aluminum of South Carolina, Inc., formerly Alumax of South Carolina, Inc. (iii) Nucor Corporation, (iv) the remaining eight largest industrial customers of the Authority, and (v) the remaining wholesale customers of the Authority; (B) the data set forth in the Official Statement in the first, fourth and fifth paragraphs under the caption "POWER SUPPLY, POWER MARKETING AND OTHER FACILITIES — Existing Generating Facilities – *Performance Indicators*", (C) the data set forth in the Official Statement under the caption "POWER SUPPLY, POWER MARKETING AND OTHER FACILITIES — Existing Generating Facilities — *Summer Nuclear Unit 1*" and (D) the data set forth in the Official Statement in the first paragraph under the caption "POWER SUPPLY, POWER MARKETING AND OTHER

FACILITIES — Fuel Supply." Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the National Repository. The Authority shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The Authority shall give, or cause to be given, in a timely manner, to the National Repository and to the State Repository, if any, notice of the occurrence of any of the following events with respect to the 2019A Bonds, within 10 business days of the occurrence thereof:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, IRS notices or events affecting the tax status of the 2019A Bonds;
7. modifications to the rights of Bondholders, if material;
8. call of any of the 2019A Bonds for redemption, if material;
9. defeasance of any of the 2019A Bonds;
10. release, substitution or sale of property securing repayment of the 2019A Bonds, if material;
11. rating changes;
12. tender offers;
13. bankruptcy, insolvency, receivership or similar event of the Authority;
14. merger, consolidation or acquisition of the Authority, if material;
15. appointment of a successor or additional trustee, or the change of name of a trustee, if material;
16. incurrence of a financial obligation[1] of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect Bondholders, if material; and
17. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority, any of which reflect financial difficulties.

(b) The Obligation Fund Trustee shall, within three Business Days of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the Authority promptly notify the Obligation Fund Trustee in writing to report the event.

(c) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Obligation Fund Trustee pursuant to subsection (b) or otherwise, the Authority shall promptly notify the Obligation Fund Trustee in writing. Such notice shall (i) instruct the Obligation Fund Trustee to report the occurrence, or (ii) inform the Obligation Fund Trustee that the Authority shall report such occurrence.

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[1] For purposes of the events identified in Sections 5(a)(16) and (17), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the National Repository consistent with the Rule.

SECTION 6. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2019A Bonds. If such termination occurs prior to the final maturity of the 2019A Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5 of this Disclosure Agreement.

SECTION 7. Notice of Failure to Provide Information. The Authority shall give, or cause to be given, in a timely manner, to the National Repository and to the State Repository, if any, notice of the failure to provide the Annual Report in the manner set forth in Sections 3 and 4 of this Disclosure Agreement.

SECTION 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. Neither the Dissemination Agent nor the Obligation Fund Trustee shall be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Disclosure Agreement.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority may amend this Disclosure Agreement (and the Obligation Fund Trustee shall agree to any evidence of such amendment requested in writing by the Authority), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) of this Disclosure Agreement, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person (as such term is defined in the Rule) with respect to the 2019A Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2019A Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the 2019A Bonds in the same manner as provided in the Revenue Obligation Resolution for amendments to the Revenue Obligation Resolution with the consent of such Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interest of the Beneficial Owners of the 2019A Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Authority shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5 of this Disclosure Agreement, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Prior to executing any amendment to or waiver of this Disclosure Agreement, there shall be delivered to the Obligation Fund Trustee an opinion of counsel, upon which the Obligation Fund Trustee shall conclusively rely, to the effect that such amendment or waiver is authorized or permitted pursuant to the terms of Section 9 of this Disclosure Agreement.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Authority or the Obligation Fund Trustee to comply with any provision of this Disclosure Agreement, the Obligation Fund Trustee may (and, at the written request of the Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding 2019A Bonds, and receiving indemnification satisfactory to the Obligation Fund Trustee, shall at the expense of the Authority), or any holder or Beneficial Owner of the 2019A Bonds may take such action and upon receiving indemnification satisfactory to the Obligation Fund Trustee as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Authority or Obligation Fund Trustee, as the case may be, to comply with its obligation under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Revenue Obligation Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority or the Obligation Fund Trustee to comply with this Disclosure Agreement shall be an action to compel performance. The Authority acknowledges and agrees that each of the rights, protections and indemnifications provided to the Obligation Fund Trustee under the Revenue Obligation Resolution shall also be afforded to the Obligation Fund Trustee with respect to this Disclosure Agreement.

IN WITNESS WHEREOF, the Authority and the Obligation Fund Trustee have caused this Disclosure Agreement to be executed and attested by their authorized officers or officials, as of the day and year first above written.

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

By: _____

THE BANK OF NEW YORK MELLON TRUST COMPANY,
N.A., as Obligation Fund Trustee

By: _____

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	South Carolina Public Service Authority
Name of Bond Issue:	Variable Rate Revenue Obligations, 2019 Tax-Exempt Refunding Series A (the "2019A Bonds")
Date of Issuance:	November __, 2019

NOTICE IS HEREBY GIVEN that South Carolina Public Service Authority has not provided an Annual Report with respect to the above-named 2019A Bonds as required by Section 4.07 of the Forty-Seventh Supplemental Resolution authorizing the 2019A Bonds. The Authority anticipates that the Annual Report will be filed by _____.

Dated: _____

_____

Trustee on behalf of Authority

cc: The Authority

APPENDIX G

SUMMARY OF CERTAIN PROVISIONS OF THE 2019A LETTER OF CREDIT AND THE 2019A REIMBURSEMENT AGREEMENT

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SUMMARY OF CERTAIN PROVISIONS OF THE 2019A LETTER OF CREDIT AND THE 2019A REIMBURSEMENT AGREEMENT

*The following is a summary of certain terms of: (i) the irrevocable transferrable direct pay letter of credit dated November 14, 2019 providing credit and liquidity support for the 2019A Bonds (the "2019A Letter of Credit") and (ii) the Reimbursement Agreement dated as of November 1, 2019 (the "2019A Reimbursement Agreement"), by and between South Carolina Public Service Authority (the "Authority") and Bank of America, N.A. (the "2019A Bank"). Such summary does not purport to be a complete description or restatement of the material provisions of the 2019A Reimbursement Agreement and the 2019A Letter of Credit. Accordingly, the majority of the discussion below is generic and applies equally to the 2019A Reimbursement Agreement and the 2019A Letter of Credit. Investors should obtain and review a copy of the 2019A Reimbursement Agreement and the 2019A Letter of Credit in order to understand all of the terms of each such document. All terms used in this heading "**SUMMARY OF CERTAIN PROVISIONS OF THE 2019A LETTER OF CREDIT AND THE 2019A REIMBURSEMENT AGREEMENT**" and not defined herein shall have the meanings assigned to such terms in the 2019A Letter of Credit or the 2019A Reimbursement Agreement, as applicable. In the event of any conflict between a definition set forth herein and the corresponding definition set forth in the 2019A Letter of Credit or the 2019A Reimbursement Agreement, as applicable, the definition set forth in the 2019A Letter of Credit or the 2019A Reimbursement Agreement, as applicable, shall control for purposes of this section "The 2019A Letter of Credit and the 2019A Reimbursement Agreement."*

LETTER OF CREDIT

The 2019A Letter of Credit is an irrevocable obligation of the 2019A Bank. The 2019A Letter of Credit was issued in an amount equal to the original principal amount of the 2019A Bonds, plus 46 days' of interest at a rate of 10% per annum (the *"Cap Interest Rate"*) and assuming a year of 365 days. The Trustee, upon compliance with the terms of the Letter of Credit, is authorized and directed to draw up to an amount sufficient (i) to pay accrued interest on the 2019A Bonds as provided for in the Resolution (an *"Interest Drawing"*), (ii) to pay the principal amount of and accrued interest on the 2019A Bonds in respect of any redemption of the 2019A Bonds as provided for in the Resolution (a *"Redemption Drawing"*), (iii) to allow the Trustee to pay the purchase price and accrued interest of 2019A Bonds tendered for purchase as provided for in the Resolution which have not been successfully remarketed or for which the purchase price has not been timely received by the Trustee (a *"Liquidity Drawing"*), (iv) to pay the principal of and interest on the 2019A Bonds the payment of which has been accelerated pursuant to the Resolution, or (v) to pay the principal of and interest on the 2019A Bonds at maturity (a *"Stated Maturity Drawing"*). No Drawings shall be made under this 2019A Letter of Credit for (i) 2019A Bonds bearing interest at a rate other than the Weekly Rate (*"Converted Bonds"*), (ii) 2019A Bonds purchased with the proceeds of a Liquidity Drawing and registered in the name of the 2019A Bank or its nominee (the *"Purchased Bonds"*) or (iii) 2019A Bonds owned by or on behalf of the Authority (*"Authority Bonds"* and, together with the Converted Bonds and the Purchased Bonds, collectively referred to herein as the *"Ineligible Bonds"*).

The amount available to be drawn under the 2019A Letter of Credit will be reduced automatically to the extent of any drawing thereunder, subject to reinstatement as described below. The Available Amount of the 2019A Letter of Credit will be reduced automatically by the amount of any drawing hereunder; *provided, however,* that the amount of any Interest Drawing under the 2019A Letter of Credit, shall be automatically reinstated effective at the time set forth in the 2019A Letter of Credit five (5) Business Days from the date such drawing is honored by the 2019A Bank unless the Trustee receives notice from the 2019A Bank in a specified certificate prior to or on the fourth (4th) Business Day after the date the 2019A Bank honors such drawing; *provided* that in no event shall such reinstated amount exceed the amount equal to the outstanding principal amount of 2019A Bonds at such time plus 46 days' accrued interest on such principal amount of 2019A Bonds at the Cap Interest Rate and assuming a year of 365 days. After payment by the 2019A Bank of a Liquidity Drawing, the obligation of the 2019A Bank to honor drawings under the 2019A Letter of Credit will be automatically reduced by an amount equal to the amount set forth in the specified certificate relating to such Liquidity Drawing. In addition, in the event of the remarketing of the 2019A Bonds (or portions thereof) previously purchased with the proceeds of a Liquidity Drawing, the 2019A Bank's obligation to honor drawings under the 2019A Letter of Credit will be automatically reinstated in the amount indicated in a specified certificate concurrently upon receipt by the 2019A Bank of such certificate and the 2019A Bank's receipt of the funds in the amount indicated in such certificate. The Available Amount under this 2019A Letter of Credit will be reduced automatically and permanently upon the 2019A Bank's receipt of a specified certificate to the amount stated therein.

The 2019A Letter of Credit will terminate on the earlier to occur of the 2019A Bank's close of business on: (i) the stated expiration date April 14, 2021, as such date may be extended pursuant to the 2019A Letter of Credit (the *"Stated Expiration Date"*), (ii) the earlier of (A) the date which is five (5) days following the date on which all of the 2019A Bonds bear interest at a rate other than the Weekly Rate, as such date is specified in a specified certificate attached to the 2019A Letter of Credit (the *"Conversion Date"*) and (B) the date on which the 2019A Bank honors a drawing under the 2019A Letter of Credit on or after the Conversion Date, (iii) the date of receipt from the Trustee of a specified certificate stating that: (A) no 2019A Bonds (as defined in the 2019A Letter of Credit) remain Outstanding within the meaning of the Forty-Seventh Supplemental Resolution, (B) all Drawings required to be made under the Forty-Seventh Supplemental Resolution and available under the 2019A Letter of Credit have been made and honored or (C) an Alternate Credit Facility (as defined in the Forty-Seventh Supplemental Resolution) has been issued to replace the 2019A Letter of Credit pursuant to the Forty-Seventh Supplemental Resolution, (iv) the date on which an Acceleration Drawing or a Stated Maturity Drawing is honored, and (v) the date which is six (6) days (or if such day is not a Business Day, on the next succeeding Business Day) following receipt by the Trustee of a written notice from the 2019A Bank as attached to the Letter of Credit, specifying the occurrence of an Event of Default under the 2019A Reimbursement Agreement directing the Trustee to cause a mandatory tender of the 2019A Bonds.

EVENTS OF DEFAULT

Pursuant to the 2019A Reimbursement Agreement, the occurrence of any of the following events (whatever the reason for such event and whether voluntary, involuntary, or effected by operation of Law) shall be an "*Event of Default*" under the 2019A Reimbursement Agreement:

(a) the Authority shall fail to pay: (i) the principal of any Reimbursement Obligation or Bank Bond when due (whether by scheduled maturity, required payment, redemption or otherwise) or (ii) the interest on any Reimbursement Obligation or Bank Bond when due (whether by scheduled maturity, required payment, redemption or otherwise) and the failure to pay such interest shall continue for a period of thirty (30) days;

(b) the Authority shall fail to pay any Bank Obligation (other than the obligation to pay the principal and interest on any Reimbursement Obligation or Bank Bond) when due and such failure shall continue for three (3) Business Days after written notice thereof has been given to the Authority by the 2019A Bank;

(c) any representation, warranty, certification or statement made by the Authority in the 2019A Reimbursement Agreement, the other Related Documents or in any certificate, financial statement or other document delivered pursuant to the 2019A Reimbursement Agreement shall prove to have been untrue or incorrect in any material respect when made or reaffirmed, as the case may be;

(d) (i) a breach by the Authority of any covenant or agreement or condition contained in certain covenants as set forth in the 2019A Reimbursement Agreement, (ii) a breach by the Authority of any covenant or agreement or condition contained in certain covenants as set forth in the 2019A Reimbursement Agreement and the continuation thereof beyond any specifically stated cure period, and if none, then for more than five (5) Business Days after written notice thereof has been given to the Authority by the 2019A Bank or (iii) a breach by the Authority of any other covenant or agreement or condition (other than those contained in paragraphs (a) and (b) above) contained in the 2019A Reimbursement Agreement and the continuation thereof beyond any specifically stated cure period, and if none, then for more than 30 days after written notice thereof has been given to the Authority by the 2019A Bank;

(e) the Authority shall (i) default on the payment of the principal of or interest on any Parity Debt beyond the period of grace, if any, provided in the instrument or agreement under which such Parity Debt was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Parity Debt and contained in any instrument or agreement evidencing, securing or relating thereto, beyond the period of grace, if any, provided in such instrument or agreement, the effect of which default is to permit any such Parity Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Parity Debt;

(f) the Authority shall (i) default on the payment of the principal of or interest on any Debt authorized pursuant to the Resolution or the Note Resolution (other than Parity Debt), aggregating in excess of $5,000,000, beyond the period of grace, if any, provided in the instrument or agreement under which such Debt (other than Parity Debt) was created or incurred; or (ii) default in the observance or performance of any agreement or condition contained in any instrument or agreement evidencing, securing or relating to such Debt, beyond the period of grace, if any, provided in such instrument or agreement, the effect of which default is to permit any such Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Debt;

(g) the Authority shall commence a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in any involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall take any corporate action to authorize any of the foregoing, or the Authority or any governmental entity having jurisdiction over the Authority shall have declared a moratorium with respect to all debts of the Authority;

(h) an involuntary case or other proceeding shall be commenced against the Authority seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Authority under any such law;

(i) any material provision of any of the Related Documents shall cease to be valid and binding on the Authority, or the Authority shall contest the validity or enforceability of any such provision or the Authority shall repudiate or contest the validity or enforceability of any provision in the Related Documents relating to payment of principal or interest or the security for such payment;

(j) the statutory powers of the Authority shall be limited in any way which materially and adversely affects the ability of the Authority to pay or perform any of its obligations or duties under the 2019A Reimbursement Agreement and the Bonds, or the Resolution shall be modified or amended in any way which is materially adverse to the 2019A Bank;

(k) an execution, garnishment, or attachment in an aggregate amount in excess of $25,000,000 is levied on the Authority that would materially impair its ability to carry on its business;

(l) the Authority shall cease to exist or substantially all of its assets are sold to, or merged or consolidated with, another person or entity;

(m) the occurrence of a default or event of default shall occur under any of the Related Documents (including, without limitation, any "Event of Default" (as defined in the Resolution)), or any other Bank Agreement;

(n) the entry of any final non-appealable judgment against the Authority in an aggregate amount in excess of $5,000,000 which is not paid within the later of (i) sixty (60) days of becoming final or (ii) the timeframe expressly required by the terms of such judgment;

(o) any change shall be made in any provision of the Act if such change would materially and adversely affect the ability of the Authority to pay any amount coming due hereunder; or

(p) the long-term unenhanced ratings on the senior debt of the Authority payable from the Revenues shall be withdrawn or suspended for credit-related reasons by Fitch, S&P or Moody's or reduced below "BBB-" or "Baa3," as applicable by Fitch, S&P or by Moody's, respectively.

REMEDIES

If an Event of Default specified in the 2019A Reimbursement Agreement shall occur and be continuing, the 2019A Bank may with notice thereof to the Trustee, exercise any one or more of the following rights and remedies, in addition to any other remedies herein or by law provided:

(a) give written notice of the occurrence of an Event of Default to the Trustee, directing the Trustee to cause a mandatory tender of the Bonds, thereby causing the Letter of Credit to expire six (6) days (or if such day is not a Business Day, on the next succeeding Business Day) thereafter;

(b) to the extent that the 2019A Bank then holds any Bank Bonds, direct the Trustee to exercise its rights as an Owner under the Resolution; and

(c) pursue any other action available at law or in equity;

provided, however, that the failure of the 2019A Bank to give notice of the exercise of any such right or remedy shall not affect the validity or enforceability thereof.

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SOUTH CAROLINA PUBLIC SERVICE AUTHORITY • VARIABLE RATE REVENUE OBLIGATIONS, 2019 TAX-EXEMPT REFUNDING SERIES A

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